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ABSTRACT

A study investigated implications of the increase in non-standard forms of employment (casual work, working through labor-hire companies, and work that is outsourced) for vocational education and training (VET) in Australia. Data sources were published statistics on growth of non-standard work; research on reasons for the growth and the business and training practices of organizations that use non-standard labor; case studies of 8 organizations in New South Wales, Victoria, and Queensland using non-standard labor; and individual life histories of 16 non-standard workers. The study found that 58.8 percent of the work force is employed as permanent employees; most growth is in casuals and contractor forms of employment; and employer disincentives to investing in training are related to cost. Findings from case studies and life histories indicated many non-standard workers would prefer more ongoing, certain employment; levels of non-standard employment were rising; and employers using labor hire or outsourcing have tried to shift the burden of training on the labor-hire firm or outsourced service provider who are trying to minimize any investment in training. Stimulating employer expenditure on training was proposed. Case study evidence pointed to the need for the VET sector to target the non-standard work force. (Appendixes amounting to over one-half of the report include 107 references, case studies, and life histories.) (YLB)

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"It's not my problem"

The growth of non-standard work and its impact on vocational education and training in Australia

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Preface

This project was funded by the National Research and Evaluation Committee. Jennifer Gibb managed the project on behalf of the National Centre for Vocational Education Research (NCVER). Her understanding and patience were greatly appreciated. Her insightful comments and suggestions contributed significantly to the quality of the final research report. Through the research network facilitated by the NCVER useful comments and suggestions were also received from Damon Anderson, Gerald Burke, Hugh Guthrie, Andy Smith and Richard Curtain.

The research for this project was undertaken by the Australian Centre for Industrial Relations Research and Training (ACIRRT) at the University of Sydney. Tanya Bretherton undertook much of the background research and fieldwork, and along with John Buchanan, was responsible for the drafting and finalisation of much of the report. Research for the project was also undertaken by many other ACIRRT staff including Richard Pickersgill, Kristin van Barneveld and Ian Watson. Merilyn Bryce provided very valuable assistance with the identification and collation of published (and unpublished) research and she checked and proofread versions of the interim reports and this report.

The research reported here was based on a research design originally developed by Richard Pickersgill. The methodology included analysis of existing data sources on non-standard work and VET as well as a review of the literature and research on the topic. The major original research for the project was based on detailed case studies of three organisations involved in outsourcing or the extensive use of labour hire, three labour-hire firms or outsourced services providers and two innovative training organisations that facilitated training for non-standard workers. Each of these case studies included a number of site visits. In the course of the fieldwork, research staff also interviewed many key informants from various industry groups, employer representatives and training institutions. The fieldwork also involved the conduct of sixteen face-to-face and telephone interviews with individuals whose working lives had been personally affected by outsourcing and labour-hire employment. Drafts of the case study reports were reviewed by the case study participants and their suggestions and amendments were incorporated in the final draft of the case study reports contained in the appendix (which can be found, on disk, inside the back cover). ACIRRT thanks all those who assisted with the case studies and interviews and, in particular, we thank the individual workers who shared their work histories, and in many cases, their life experiences with us. Remaining errors are the responsibility of the authors.

Richard Hall

Executive summary

This report is a result of a study undertaken by the Australian Centre for Industrial Relations Research (ACIRRT) on behalf of the National Centre for Vocational Education and Research (NCVER) to investigate the implications of the increase in non-standard forms of employment for vocational education and training (VET). 'Non-standard forms of employment' is the term used in this report to refer to casual work, working through labour-hire companies and work which is outsourced.

This report drew upon two major sources of data:

- published statistics on the growth of non-standard work and published research into the reasons for this growth as well as the business and training practices of organisations which use non-standard labour
- field research involving case studies of eight organisations in NSW, Victoria and Queensland using outsourcing, labour-hire and/or casual employment and individual life histories of 16 casuals, labour-hire workers and outsourced employees

The research found that only 58.8 per cent of the workforce is now employed as permanent employees; that is, on a 'standard' basis. This proportion falls to less than half if part-time workers are added. Most of the growth has been in casuals and contractor forms of employment. For example, between 1984 and 1999 the proportion of employees engaged as casuals rose from 15.8 per cent to 26.1 per cent. Between 1978 and 1997 the proportion of workers engaged as owner–managers of incorporated enterprises rose from 1.8 per cent to 5.6 per cent. Since the late 1980s the proportion of employees who received some form of VET has fluctuated. In 1989 80.2 per cent of employees reported that they had received some training, most commonly 'on the job'. In 1993 the proportion rose to 85.8 per cent before falling back to 80.2 per cent in 1997.

The disincentives to investing in training from the point of view of employers relate to cost. Labour-hire operators and outsourced service providers invariably state that they cannot afford to invest in training, given the tightness of margins, the competitive environment in which they operate, and the pressure to keep labour costs to a minimum.

The responsibility for training thus falls mainly on the employee, and yet they are faced with obstacles to training including the cost of training in an increasingly privatised market, an uncertain capacity to recoup the investment in training, the limited time availability and unpredictability of work commitments, and the lack of access to information and advice.

The key findings arising from the organisational case studies and life history interviews were that:

- When examining education and training issues associated with non-standard employment, most attention focussed on induction and 'near fit' training. No employers examined assisted with the acquisition of foundation skills. Where such training occurred it was entirely funded by either individuals or government.

- Many non-standard workers would prefer more ongoing and certain employment.
- Levels of non-standard employment appear to be rising because increased competitive pressure is forcing firms to cut costs in general and reduce fixed labour overheads in particular.
- Reducing fixed labour overheads is not simply a matter of increasing efficiency; it often involves shifting costs and risks onto the weakest party in an employment situation.
- The extent to which costs and/or risks are shifted to workers depends on their labour market position and how stable/durable relations are between the parties.
- Where skills are low and/or in abundance no training will be provided; where they are of a higher order and scarce, some training, primarily of a 'near fit' nature, may occur.
- Ultimately the level of training undertaken depends on the longevity of relations between the parties and the existence of institutional mechanisms to facilitate it.

As a result of the growth of non-standard work, there has been a shift in the balance of responsibility for VET in Australia. Employers using labour hire or outsourcing have tried to shift the burden of training onto the labour-hire firm or the outsourced service provider. However, these organisations are in turn trying to minimise any investment in training. At the same time the government's role in direct provision of generalist and comprehensive trade and vocational training has declined in favour of support for a training market and user choice.

In order to spread the responsibility for training more evenly, this report suggests that employer expenditure on training needs to be stimulated. Labour-hire operators and outsourced contractors need to be encouraged to make a greater commitment to training since they are the financial beneficiaries of the trend towards non-standard work. Possible ways of doing this include:

- introducing financial training incentives directed specifically at labour-hire firms and outsourcing service providers
- targetting employers who use non-standard workers to ensure they do not abdicate responsibility for training
- encouraging non-standard workers to fund their own training where this is possible (for example, for professional and managerial employees). Policy also needs to recognise that many non-standard workers work for such low rates of pay and such irregular hours that it is unreasonable to expect them to make much of an investment in training

It is clear that the VET sector needs to develop some means of responding to the training needs of the non-standard workforce. While the model of the portfolio worker may be applicable to some professionals with strong qualifications and skills which are in demand, this model does not meet the needs of non-standard workers with few qualifications, limited skills and limited opportunities. The case study evidence resulting from the research reported here points to the existence of a large proportion of the non-standard workforce in need of better information, greater assistance and more accessible advice regarding training options and opportunities. This is a segment of the workforce that the VET sector needs to target.

These are not issues which will be addressed by the emerging training market; rather, policy needs to promote the formation of innovative mechanisms that facilitate training opportunities in situations involving non-standard workers. Importantly, new funding arrangements need to be devised which will ensure that the major beneficiaries of non-standard employment (that is, employers and labour-hire firms) make a more significant contribution to the training and education of workers engaged as casuals or in labour-hire or outsourced situations.

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Introduction

Questions addressed and the scope of the project

The central question addressed by the project is 'How has the growth in non-standard employment impacted upon the provision of vocational education and training in Australia?' The research seeks to focus on both the 'demand' and 'supply' sides. The primary focus of the research is on the implications of the growth of various forms of non-standard employment for the training received (or sought) by workers and required (or desired) by employers. However, it is also important to identify effects on the supply of training—the impact of non-standard employment growth on training providers and the ways in which that training provision is funded and facilitated by employers, workers, labour-hire firms, government agencies and training providers and other institutions.

The concept and definition of non-standard employment is contentious. In the next section we address some of these issues and provide a framework for understanding different forms of non-standard work. Broadly speaking, 'non-standard employment' is taken here to include all forms of employment other than full-time permanent employment ('standard employment'). As such it includes casual employment, part-time employment, contract work, labour provided by labour-hire firms and employment agencies and work performed by outsourced suppliers and providers.

'Vocational education and training' (VET) means all forms of vocational education and training, including informal, on-the-job training (including apprenticeships and traineeships), in addition to the training provided by formal public and private training bodies.

Subsidiary questions include:

- How extensive is the practice of casualisation and outsourcing in Australia and which industries are most involved in these practices?
- What practices are used by labour-hire firms to select and recruit outsourced or casual employees?
- What training structures are in place and how effective are they in ensuring an ongoing skills pool for those industries affected by workplace reforms?
- To what extent has the outsourcing of activities and the casualisation of the workforce impacted on the attitude to training of both enterprises and as labour-hire companies?
- What are the perceptions of workers who are part of these outsourced services, or who are employed on a casual basis, about the availability of appropriate and affordable training to meet their needs?
- What structural or policy barriers, if any, obstruct the effective and efficient provision of vocational education and training for workers affected by these workplace practices?

Definitions and terminology

The whole issue of what constitutes 'standard' and 'non-standard' employment invites a series of questions. The idea of standard or typical work is historically, legally and culturally defined. The characteristic form of employment that emerged as the norm in the period following the Second World War in Western Europe has been described in terms of work which was male-dominated, craft-based, full-time, continuing, unionised and based on wage payment (Rodgers 1989). In the Australian case this classic post-war model of standard employment can be defined in terms of continuing employment for a fixed working week (in recent times of between 35 and 40 hours). This style of permanent full-time employment has typically been associated with quite extensive leave provisions, entitlements and requirements relating to notice and due process in case of redundancy or dismissal. 'Permanency' came to be associated with those benefits and entitlements. Thus this model of full-time permanent work evolved as being critical in understanding the nature of the Australian welfare system. The wage earner's welfare state was, after all, built on the assumption of a male, full-time permanently employed breadwinner.

A range of other, more historically marginal forms of employment was established outside this model—temporary or seasonal employment, employment on fixed-term contracts, casual employment and employment *for* service (rather than *of* service) with payment on piece rates or as a contractor for the performance of a discrete task (Burgess & Campbell 1998, p.34). Increasingly, the critical distinction for the purposes of understanding the benefits and conditions of work has been between this specific form of permanent (or standard) work and temporary, casual or contract (or non-standard) work. The other commonly drawn distinction between full-time and part-time employment has come to be less significant in the sense of rights, entitlements and protections as permanent part-time work (always the minority of part-time work) has come to attract many of the benefits of full-time permanent work on a pro-rata basis.

The other implicit assumption about standard work is that the employee works at the workplace of the employer; that is, there is a two-party arrangement where the producing company is also the employing company. Labour provided by labour-hire firms and agencies constitutes another important 'non-standard' variation.

Figure 1 provides a framework for identifying the various forms of standard and non-standard work. The framework suggests that there are two key dimensions which can be used to understand the distinctions between various kinds of work: an *employment relationship* dimension and a *time* dimension.

The *employment relationship* hinges on whether the employing organisation is also the producing organisation, or whether it acts as some kind of labour-supply organisation (an intermediary). The *time dimension* concerns the period of employment: full-time, part-time or some kind of intermittent engagement.

The classic standard employment form is found in box 1. While all other forms of employment can be identified as non-standard, employees in box 2, permanent part-timers, are not a strong focus of the present study. Most part-time work has in fact traditionally been part-time casual work (box 4) although an increasing proportion of full-time employees are now engaged as casuals rather than as permanents (box 3). Seasonal, temporary or intermittent employees are engaged for a relatively short duration (and are not employed as permanents) but are employed differently from full-time casuals (whose hours of work might be relatively predictable week to week but they might be employed for an indeterminate period of continuing full-time employment) and part-time casuals (whose hours of work will often not be predictable week to week and they might also stay in the same job for an indeterminate period). In any event, employees in each of these five boxes are employed by a firm or organisation which is also the firm or organisation which produces the goods or provides the services on which they work—the classic employment relationship.

Figure 1: Categories for understanding non-standard employment

		Employment relationship					
		Producing company is employing company		**Producing company is not employing company**			
				Labour-hire / employment agencies		*Independent contractors ('sole traders' or 'own account workers')*	*Outsourced suppliers*
		Permanent	Casual	*Workers are employees*	*Workers are 'dependent contractors'*		
Time	Full-time	1	3	6	8	10	12
	Part-time	2	4				13
	Seasonal/temporary/ intermittent		5	7	9	11	14

Source: Watson et al. 1999.

Note that grey areas are boxes, which are either meaningless or extremely uncommon.

Before turning to consider the right-hand side of the table, the distinction between casual and permanent warrants further consideration. The term 'permanent casual' is sometimes used to describe employees who may be working different hours (or different shifts) in different weeks but who are regarded by their employers (and may well regard themselves) as having a permanent, ongoing employment relationship. On closer inspection it is possible to classify these employees as either permanent or casual, and as either part-time or full-time if rigorous definitions are adopted. The definitions used by the Australian Bureau of Statistics (ABS) (and employed here) classify part-time employees as those working fewer than 35 hours per week and full-time employees as those working 35 hours or greater. Interestingly, and importantly, the ABS has traditionally distinguished between casual and permanent employment on the basis of entitlements—casual employees are defined as those who do not receive either annual leave or sick leave in their main job. Period of employment is not chosen as the definitive measure of whether an employee is permanent or casual. This is because length of tenure is not the definitive characteristic of casual–permanent distinctions[1]. The most important characteristic of casual employment in the Australian context is its precarious or contingent character:

The basic definition of a casual employee is to be found in the common law, where casual employees are presumed to have a contract of employment that is of so minimal duration as to barely exist. …They are seen as employees who are used as and when required with each engagement being seen as a separate engagement. Whereas permanent employees have a period of notice (of at least a week) casual employees can be dismissed – or perhaps more exactly, fail to be re-engaged – at any time (Burgess & Campbell 1998, p.36).

The important thing about casual employment in the Australian system is not that casual employees are generally only employed for short tenures (often they are not as the category of 'permanent casual' attests), but that their basis of employment is precarious (that is, they can be easily dismissed). Because of the way in which the traditional industrial system in Australia has served to attribute extensive benefits and entitlements to permanent employees rather than casual employees (whose employment has been discouraged through the imposition of loadings) (Burgess & Campbell 1998), measures like the existence of sick leave or annual leave are sound proxies for the relative security or insecurity of employment that lies at the heart of the substantive meaning of the permanent–casual distinction.[2]

On the right-hand side of figure 1 we examine the situation where the labour supply is coming from outside the producing organisation. In this case the conditions of employment depend on what kind of labour supply organisation is involved. Moving from left to right, we see that there are organisations which act as intermediaries (labour hire), tradespeople who work for themselves as sole traders, and companies which exist as outsourced suppliers. What is happening in this movement from left to right is a change in the directness of the relationship between the main producing organisation (the host organisation) and the labour supplier. For example, labour-hire tradespeople often work under the same conditions as do tradespeople in the host organisation. On the other hand, sole traders work to a contract and set their own conditions, while outsourcing suppliers usually have no employment parallels with what is happening in the host organisation.

In terms of traditional employment relationships, there is further confusion within the labour-hire area. Sometimes the workers will be employed by the labour-hire organisation in an employee relationship and then leased out to the host organisation. Amongst some labour-

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[1] This is why in figure 1 'permanent' and 'casual' are categories of the employment-relationship dimension rather than of the time dimension.

[2] The ABS recognises that there are others ways of defining casuals. In its recently released *Forms of employment survey*, Cat No 6359.0 it relied on the new category of 'self-defined' casual to capture workers who regarded themselves as casuals even though they may get holiday or sick pay. The problems with terminology are widespread in this area, even (or especially) amongst industrial commissioners and the judiciary. Justice Moore, for example, noted in *Reed v Blue Line Cruises* 1996 71 IR 403 that 'In Australian domestic law, the expressions "casual employee" and "casual employment" are expressions with no fixed meaning.'

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hire agencies, however, the workers will be engaged as contractors, not employees. We term these workers 'dependent contractors' and distinguish them from the 'independent contractors' who legitimately work as sole traders. The labour supply organisation in this case is acting as a broker rather than as a supplementary labour-hire organisation.

One further complication is raised when organisations convert their existing workforces into someone else's employees. In other words, they move them from the left-hand side of the diagram to the right-hand side. This can take two forms:

- A section of the organisation (for example, maintenance or canteen) is contracted-out with the same workers in their old jobs but now working for the contracting company.
- A section of the organisation is established as a separate business and is then sold off to another organisation, with the workers transferred along with the premises and equipment.

In summary, the right-hand side of figure 1 provides nine boxes. While the time dimension is still important—since most labour-hire workers and contractors may end up working intermittently as well as in a full-time capacity—the critical thing about the right-hand side of the diagram is the movement beyond the enterprise. Non-standard employment is no longer tied to employment conditions within the firm, but is now part of a broader picture made up of production networks and industry-wide employment systems.

Structure of the report

The report is divided into three main sections. The first section looks primarily at the statistical evidence concerning the incidence and growth of the key forms of non-standard work—casual employment, part-time employment, outsourced labour and labour-hire employment. In the course of this assessment arguments purporting to explain the growth of these forms of non-standard work are also canvassed. Finally, the implications of the growth of non-standard employment for vocational education and training in Australia are discussed.

The second section of the report examines in detail the dynamics of the relations between non-standard employment and VET by reporting on the results of the fieldwork research undertaken for this project. The fieldwork methodology involved case studies of client organisations, labour-hire operators and outsourced service providers as well as 16 individual working life histories of workers who have had experience with labour hire, casual employment and/or outsourcing. This part of the report argues that the various orientations to training exhibited by employers, labour-hire firms and outsourced service providers and workers must be understood in terms of the rising competitive pressures which are driving firms to reduce cost in general, and fixed labour overheads in particular. The dynamics of these pressures are then dissected. Particular attention is devoted to how costs and risks are shifted to the weakest parties in an employment situation. Increased levels of non-standard employment need not necessarily be associated with falling levels of training. For example, where skills of a high level are needed and are in short supply, employers and/or intermediaries will contribute to skill formation. Equally, where there are long-term relations between parties, training can and does occur. Situations such as these are, however, rare. Where the skills required are low and/or labour with the skills needed is in abundance, few firms or intermediaries make significant contributions to training. Equally, where contracts are short-term, either within the supply chain or within the firm, skill formation rarely occurs. Examples of innovative approaches to skill formation involving non-standard workers are examined. These successes cannot, however, be regarded as providing the solution to declining levels of skill formation associated with increased levels of non-standard employment. The analysis of dynamics highlights the importance of government intervention to remedy market failures. In particular, it highlights the need for initiatives that are sensitive to different occupational labour market and inter-firm contexts.

The final section of the report presents the conclusions and the options for reform.

Non-standard employment growth and VET: An assessment of the data and the trends

Quantitative evidence of the growth of non-standard employment in Australia: Casual and part-time employment

The trend across most Organisation for Economic Co-operation and Development (OECD) nations has generally been in the direction of increased non-standard employment, although there have been considerable disparities over the past ten years. Unlike some studies that have claimed that the non-standard employment changes were a short-term response to the recession of the early 1990s, it appears that long-term recovery throughout the mid- and late 1990s has done little to dampen the growth in non-standard employment (Anderson et al. 1994). Indeed, it appears that there has been an acceleration of trends throughout the later half of the 1990s in countries such as Australia.

Table 1: Growth of part-time employment as percentage of total employment, selected OECD countries, 1986–96

Selected OECD country	Part-time employment as percentage of total employment	Part-time employment as percentage of total employment
	1986	1996
Australia	18.9	25.0
Canada	16.9	18.9
Finland	8.0	11.6
France	11.7	16.0
Germany	12.9	16.5
Greece	5.8	5.3
Netherlands	29.5	36.5
New Zealand	16.8	22.4
Sweden	23.5	23.6
UK	21.6	24.6
USA	17.4	18.3
OECD TOTAL	**15.5**	**18.6**

Source: OECD 1998a; OECD 1998b

Note: Uses national definition of part-time work, see 'Part-time work: Solution or trap?', *International Labour Review*, vol.136, no. 4, 1999, pp.353–80, for a discussion of this issue.

Looking at part-time work, Australia stands as having one of the fastest growing proportions of part-time work of any OECD country over the 1986–96 period. Only the Netherlands had a

more dramatic rate of growth in part-time employment over the same period. Interestingly, in supposedly more 'deregulated' labour markets such as New Zealand, USA and UK, part-time employment grew more slowly than in Australia (OECD 1998a). In the expansion of temporary employment, Australia remains second only to Spain within the OECD (ACIRRT 1999, p.140).

The categories of part-time employment and temporary employment are instructive and readily available for the purposes of international comparisons; however, these categorisations do not square neatly with the classification structure used here and represented in figure 1. Understanding the relative shifts in the shares of employment amongst the employment categories represented by boxes 1 to 4 suggests the need for different data.

Table 2: Changing composition of employment (per cent of employees)

Year	Permanent		Casual	
	Full-time (Box 1)	Part-time (Box 3)	Full-time (Box 2)	Part-time (Box 4)
1971	89.0	4.0	1.5	5.5
1984	78.2	6.0	4.7	11.1
1997	64.8	9.5	7.7	18.0
1998	63.4	9.7	8.5	18.3

Source: VandenHeuvel & Wooden 1999, p.10.

Note: The 1971 numbers are those authors' 'guesstimates', 1984 are based on unpublished ABS data and 1997 and 1998 based on ABS Cat. No. 6310.0

Table 2 starkly illustrates the growth in non-standard employment in Australia. Since 1971 the proportion of employees commonly classified as standard (that is, full-time permanent) has fallen from nine out of every ten employees to fewer than two out of every three. The proportion of permanent part-time employees has more than doubled, the proportion of casual part-timers has more than trebled and the proportion of casual employed on a full-time basis has increased almost six-fold.

Both men and women have been affected by the growth in casual employment. Between 1984 and 1998 the proportion of male casuals more than doubled, jumping from 9.4 per cent to nearly 22.6 per cent. Amongst women there was also large but much less dramatic increase: from 25.7 per cent to 32.0 per cent (VandenHeuvel & Wooden 1999, p.9).

As is evident from table 2 the rate of casualisation has been most pronounced among full-time employees. It is likely that this is the result of full-time permanent jobs being converted into full-time casual jobs. One of the few ABS studies to focus specifically on part-time, casual and temporary employment was conducted in NSW in October 1997 (ABS 1997b). According to those data, between 1991 and 1997 the number of full-time casuals increased by over ten-fold from 14 400 to 147 900.

The largest number of full-time casual workers are located in the 25–34-age group, and the vast majority are men. This contrasts with part-time casual workers, the majority of whom are aged 15 to 24. Another important contrast lies in the industry side of the story. Most part-time casual workers are found in retail trade and in accommodation, cafes and restaurants. By contrast, most full-time casual workers are found in manufacturing, with construction the next most prevalent industry. A rough calculation for New South Wales suggests that about 10 per cent of the manufacturing workforce are now full-time casuals. This figure is likely to be mirrored at a national level.

So why are people willing to working as casuals? It is partly through choice, but increasingly through necessity. About 40 per cent of all persons work in part-time/casual or temporary jobs because of personal reasons, often because they are studying. About 18 per cent work in these jobs for family reasons, although for women the proportion is much higher (about 25 per cent). Finally, about one-third of people work in these jobs because of employment reasons, generally because it is the only type of work available. Among full-time casuals, the

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'only type of work available' reason was more than twice as common as any other reason, and accounted for nearly 35 per cent of all people (ABS 1997b).

Reasons for the growth of casual and part-time employment

Casual and part-time work in Australia has grown significantly since the 1980s, and this growth has been widely documented by researchers (Burgess & Campbell 1998; Norris & Wooden 1996). The body of Australian research on 'atypical' employment identifies a number of causes for its growth. Causes have generally been identified in the context of 'supply' factors (employer demand for flexibility) and 'demand' factors (worker requirements for casual arrangements).

The foremost demand factor bringing about the rise of part-time and casual employment appears to be structural changes to the industrial composition of the workforce, namely a declining primary and secondary industry workforce and rising tertiary workforce. This change itself has been a part of a longer-term trend within the developed economies following the Second World War, where there has been a decline in the share of employment in primary and secondary industry employment due to technological change and the shifting of manufacturing to lesser developed economies.

In Australia, the decline of manufacturing employment in contrast to the growth of service sector employment has been profound. Over the ten-year period to 1998, employment in metal manufacturing alone has fallen by almost 20 000 persons compared to property and business services which has seen phenomenal growth, increasing by over 390 000.

Table 3: Job losses and gains by industry, Australia, 1988–98

Industry	Change in employment: number of persons
Largest number of new jobs	
Property and business services	+ 391 400
Retail trade	+ 201 400
Health and community services	+ 199 400
Accommodation, cafes and restaurants	+ 144 600
Education	+ 120 900
Construction	+ 92 300
Personal and other services	+ 79 300
Cultural and recreational services	+ 61 800
Wholesale trade	+ 58 900
Largest number of lost jobs	
Manufacturing	- 70 000
Textile, clothing, footwear & leather	- 31 500
Machinery & equipment	- 41 400
Metal product	- 19 500
Electricity, gas and water	- 52 200
Rail transport	- 40 100
Insurance	- 20 600
Government administration and defence	- 17 400
Finance	- 16 200

Source: ABS Labour force surveys

Note: New job industries are all at highest level of ANZSIC aggregation. Different levels of aggregation are used in the lost job industries for purposes of clarity.

Indeed, OECD figures would also indicate that Australia has had one of the fastest growing service sectors over the past 10 years (OECD 1998).

The growth of the service sector alone cannot explain the growth in atypical employment and parallel decline in permanent full-time work. Researchers examining the issue of casual work have identified that a number of factors come into play (see figure 2):

1. Employee or worker demand for more 'flexible' working arrangements has contributed to the growth in casual work.

Simpson (1994), Mangan & Williams (1997) and Romeyn (1992) all emphasise the importance of employee/worker demand for more 'flexible' working arrangements. It is argued that the need by workers for greater flexibility spans across many occupational groups. Women entering the workforce and requiring more flexibility to meet caring responsibilities are using casual and part-time work (Romeyn 1992). Poorly paid workers are seeking casual work as a way to enter the labour market and gain experience (Simpson 1994). It is also claimed that highly paid and highly skilled workers who are not concerned about job security or unemployment also contribute to casual employment growth.

2. Employer need for greater flexibility has stimulated the increase in casual work.

The need for flexibility is particularly acute in the service sector. The retail sector provides a good example of this, with additional staff required at Christmas and at weekends, but less staff required at other times (Deery & Mahony 1994). As researchers have observed however, the growth of casual work has occurred in other sectors, not just services (Burgess & Campbell 1998; VandenHeuvel & Hawke 1998). Reducing or containing costs is a key objective for many employers, particularly in a highly competitive environment. Researchers have noted that the use of casual labour provides an opportunity to reduce some (not all) labour costs.

Burgess and Campbell (1998) and VandenHeuvel and Hawke (1998) both emphasise that employers are the main drivers of casualisation. However, these researchers predict different long-term outcomes for the labour market and workers, as a result of casualisation. Burgess and Campbell argue that casual employment is not a transitional point for most workers, and does not deliver opportunities to move into the permanent and full-time workforce. Typically, two groups of workers emerge, with permanent workers moving between permanent jobs and casual workers moving between casual jobs (Burgess & Campbell 1998, p.46). Alternatively, VandenHeuvel & Wooden (1999) argue that casual employment need not be described as 'disadvantageous' for workers. They argue that casualisation has not necessarily undermined the duration of jobs, and in fact, enhances workforce prospects for the unemployed.

The conclusions drawn by Burgess and Campbell highlight that casual and temporary forms of work have become a distinctly different type of working arrangement, which can be isolated from full-time and part-time work. As ACIRRT argues, it is the *precarious* nature of casual and temporary work which is of greatest concern and places workers in a vulnerable position (1999, p.140). This leads to our discussion of other forms of non-standard work which have also grown significantly since the 1980s—outsourced work and labour-hire arrangements.

Figure 2: Summary of research on casual employment

Exploring the causes of casual employment		
Researcher	Year	Key findings
		Demand-side factors
ACIRRT	1999	Growth in casual employment is part of wider labour market restructuring associated with increasing levels of competition and the ascendancy of neo-liberal policies in the labour market and beyond. The practices of employers have been more important than the preferences of employees.
Dawkins & Norris	1990	Early article highlighting the flexibility of casual employment as potential benefit to employers.
Dawkins & Norris	1995	Supply-side factors are irrelevant when determining employment outcomes. Demand-side factors are most important—dependent largely on relative cost of casual and permanent labour.
Wooden & Hawke	1998	Differences in workplaces/firms/industries are most important in explaining variation in incidence of casual employment. Highlights ambiguities in attempting to map incidence—notes the discrepancies between casual employment estimates between ABS & AWIRS data.
		Supply-side factors
Romeyn	1992	Focusses on the importance of supply side factors—women with children, older workers and workers with disability—in explanations of casual work.
Simpson	1994	Casual employment makes entry to labour force available to low skilled and poorly educated people who may not otherwise have access to job opportunities.
Mangan & Williams	1997	Migrants prefer casual employment because of anonymity associated with arrangement.
Simpson, Dawkins & Madden	1997	Maps variations in casual employment, depending on firm location and worker characteristics.
Mapping the erosion of standard employment		
Researcher	Year	Key findings
Moir & Robinson	1984	Highlights the broad categories of employment and their growing irrelevance to research on labour market.
Burgess (a&b)	1994	Correspondence between standard employment model and labour force statistics collection. Highlights the difficulties associated with research in field. Specific focus on part-time workers on casual arrangements.
Exploring the implications of casual work growth		
Burgess & Campbell	1998	Catalogues characteristics of casual workers, casual jobs and policy implications. Considers casual work in the context of a 'bridge' (to permanent employment) or 'trap' (in precarious employment).
VandenHeuvel & Wooden	1999	Explores implications of casual workers in access to training.

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Quantitative evidence of the growth of non-standard employment in Australia: Outsourcing and labour hire

The right-hand side of our framework depicted in figure 1 sets out a range of non-standard forms of work where workers are not employees of the producing organisation for whom they work. These workers are either:

- employees of a labour-hire firm or employment agency who are then contracted-out to a client firm to perform work on site (boxes 6 and 7)
- contractors engaged by a labour-hire firm or employment agency to work for a client organisation (boxes 8 and 9)
- more traditional independent contractors who are working on contract to the organisation or on sub-contract to a head contractor to the organisation (boxes 10 and 11)
- employees or contractors who work for a firm that is an outsourced supplier of goods or provider of services for client firms (boxes 12 to 14)

Distinctions between outsourcing, contracting-out and use of labour hire can be difficult to sustain. Outsourcing tends to refer to the process of one organisation engaging another organisation for the supply of goods, provision of services or performance of tasks related to the enterprise of the first organisation (the client firm). Labour hire (or employment agency services) can be considered to be a specific sub-category of that phenomenon. Labour hire can be defined as the engagement of another organisation to supply labour, with that labour very often performed on the client firm's site and under its own direction and control. Contracting-out is very difficult to distinguish from outsourcing (Burgess & Macdonald 1999, p.38) but might usefully be taken to include the engagement of individuals on contract to perform, produce or supply for the client firm (see also ILO 1997).

In any event the collection of available data rarely matches with conceptually logical categories or conventional terminology. Nevertheless, there are some data which indicate the range and incidence of outsourcing, contracting-out and labour hire in contemporary Australia.

Table 4: Growth in the use of contractors and agency workers

Labour type	As per cent of employees		As per cent of workplaces	
	1989	1995	1989	1995
Contractors and their employees	3.4	4.0	39	33
Agency workers	1.0	2.2	14	21

Source: AWIRS90 and AWIRS95; Morehead et al. 1997,p.46

Table 4 indicates that there has been a notable increase in the number of Australian workers classified as contractors and their employees or workers employed by employment agencies. Growth has been strongest amongst agency employees. While the overall proportion of workers engaged as contractors (or their employees) has increased as a proportion of employees by 17.5 per cent, the proportion of agency employees has more than doubled. The proportion of workplaces using contractors and their employees has declined, however there has been strong growth in the proportion of workplaces using agency labour. These survey results imply that the total number of agency workers in 1995 was approximately 80 300 while the total number of contractors and their employees was 146 000. For a number of reasons these estimates are likely to understate the true size of the contractor and agency employee populations. The Australian Workplace Industrial Relations Survey (AWIRS) does not include data on small organisations or organisations in agriculture, and the questions on which these data rely were asked of managers who may not necessarily have an accurate picture of workers not on the permanent payroll (VandenHeuvel & Wooden 1999, p.20).

Estimates of numbers of contractors in Australia can also be drawn from other surveys. VandenHeuvel and Wooden (1995) report the results of a survey conducted as a supplement to the monthly ABS population survey conducted in May 1994. Their analysis reports that 7.5 per cent of the workforce in the non-farm sector can be described as self-employed contractors. This estimate does not include those workers who are employees of contractors. A later survey of workplaces reported by Wooden and VandenHeuvel (1996) estimated that 'outsourced labour' (including contractors and their employees) accounted for 10.3 per cent of labour in the non-agricultural industries (VandenHeuvel 1999, p.19). A further survey of workplaces taken from the ABS business register and reported by Brosnan and Walsh (1998) arrived at a rather more conservative estimate. According to that 1995 study, contractors and consultants accounted for 4.2 per cent of total labour in Australia.

Estimating the numbers of employees or workers involved in the labour-hire industry is even more difficult than estimating the number of contractors. The Census of Housing and Population offers some guidance. Unfortunately the Census does not ask whether workers are permanents or casuals, only their hours of work and their employment status (employee, employer or own account worker). It does, however, allow us to count some labour-hire workers, since there are two industry categories— 'employment placement services' and 'contract staff services'—where labour-hire workers are to be found.

Unfortunately, there is a major problem with the accuracy of the Census data for the purposes of this project because the Census uses self-completion. This leads to severe under-counting of labour-hire workers. This under-counting will result from two characteristics of the Census completion and coding processes: first, labour-hire workers may not think of themselves as working for a labour-hire company when filling in the Census industry questions and may put down their place of work (for example, a hospital or factory where they work on site), which leads them to be coded as working in health or manufacturing for example. Second, if labour-hire workers put down their employer, but that labour-hire company is not on the ABS Business Register, the Census coders go to another part of the Census form and code the worker according to the nature of the activities their workplace undertakes. Again it is very likely that they will be coded to something other than labour hire. Perhaps not surprisingly then the Census reveals that only 36 172 workers work for 'employment placement services' and just 10 007 work for 'contract staff services'. This amounts to employment placement workers accounting for just 0.5 per cent of the total labour force and contract staff services workers amounting to just over 0.1 per cent (unpublished data from Census of Population and Housing 1996).

According to unpublished ABS data reported by KPMG (1998) there were 16 548 'employed in contract labour arrangements' as at June 1996. It seems likely that this estimate was generated from Business Register records. Again, different types of surveys are likely to underestimate the number of labour-hire workers in different sorts of ways. Employee-based surveys are likely to encounter the problems suffered by the Census and noted above. Surveys of labour-hire firms themselves will be likely to experience other under-counting problems. For example a labour-hire firm respondent, when asked to specify number of employees may only refer to those employees directly involved in running the labour-hire company rather than including employees working off-site under the day-to-day direction of the management of a client firm. Second, workplace-based surveys, even if they are able to accurately distinguish between labour-hire firm workers and client firm workers, will tend only to identify those labour-hire workers who are presently on-site. The actual number of labour-hire workers counted might therefore be critically influenced by prevailing business conditions.

In making estimates of the likely size of the labour-hire workforce it is worth noting that Skilled Engineering alone has recently reported that it has 'more than 10 000 flexible staff. That labour force…has grown by more than 55 per cent since January 1998' (*Financial Review* 10–11 April 1999, p.40).

In estimating the labour-hire workforce size, it therefore seems appropriate to think in terms of bands. Workers engaged in delivering labour-hire or contract labour functions and services probably number between 5000 and 10 000. The actual number of labour-hire workers available for hire or 'on the books' is at least 80 000 and more likely in excess of 100 000. The

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80 000 figure comes from the AWIRS conducted in 1995 and we suspect that there has been very strong growth in the past few years. In addition to the claim attributed to Skilled Engineering above, the KPMG report refers to a survey conducted by Corrs Chambers Westgarth for the Recruitment and Consulting Services Association (RCSA) which noted that there had been particularly strong growth in the contract maintenance area in recent years with sales revenue up by 40 per cent in 1996–97 compared to the previous financial year. Counting all forms of labour hire, agency employment and the employees and contractors who work for them, the upper bound of the industry is potentially 150 000 with the number of labour-hire workers in work at any given time somewhere around 100 000. Once other forms of outsourced and contract labour are included however the total could be more in the region of 200 000 to 250 000.

Another approach to the estimation of the size of the labour-hire labour force is through the analysis of studies of the labour-hire industry itself. The industry association, the RCSA has 550 members in Australia that supposedly account for 85 per cent of turnover, if not employment (KPMG 1998: 15). The Australian Industry Group has recently estimated the number of labour-hire operators in Queensland, New South Wales and Victoria to total over 1000. The breakdown of the industry according to size is provided in table 5.

Table 5: Estimates of the number of labour-hire firms by State

No. of employees	<10	10–50	50–200	200+	Total
Queensland	149	81	27	8	**265**
New South Wales	270	95	40	8	**413**
Victoria	202	86	26	10	**324**
Total	**621**	**262**	**93**	**26**	**1002**

Source: AIG 1999 using ABS data.

Evidently the industry has a large number of small players and a relatively small number of very large operators, many of whom are international firms or the subsidiaries of international corporations.

Contracting-out and outsourcing are not new phenomena. Quinlan points out that subcontracting was undertaken extensively in manufacturing, transport and building in the nineteenth century (1998, p.11). The more recent rebirth of outsourcing is rather different from the traditional uses of subcontracting however, partly because of the diversity of industries in which it has been seen as an important innovation and partly because it has, in many of the most important and dramatic cases, involved the 'contracting-out' of work that was previously done in-house. It has thereby been part of a key change to work organisation within the firm. A number of recent studies have provided some data on the outsourcing or contracting-out practices of organisations.

Contracting-out is a well-established practice across many industries. In the 1990s, however, more industries became subject to contracting-out and a greater range of services came under the contract umbrella.

We have drawn upon three main sources for this section. The AWIRS panel data, which examines a subset of workplaces which survived from 1990 to 1995, provides information on how many workplaces contracted-out services during the previous 6 years. The figures from this data are presented in table 6. We also draw upon the Business Longitudinal Survey (BLS) carried out in 1995 by the Industry Commission and the Department of Industry, Science and Tourism. We also refer to data drawn from the KPMG survey of 200 labour-hire firms in Victoria, New South Wales, Queensland and Western Australia.

Each source has its strengths and weaknesses. The AWIRS data excludes small workplaces (those under 20 employees) whereas the BLS data includes all sizes of firms. (It is important to keep in mind that AWIRS looks at *workplaces*, BLS at *firms*.) The AWIRS figures are much higher because the reference period is much longer—the previous six years compared to the previous 12 months. The AWIRS data also outlines what services were contracted-out. The KPMG report provides some interesting data. However it is based on a survey of labour-hire

firms rather than of organisations that have engaged in outsourcing. Moreover, the sample of labour-hire firms is based on a relatively low response rate (only 43 useable questionnaires were returned from the 200 firms contacted) and the sample was deliberately biased to exclude those operators who 'appeared to supply only clerical/administrative or professional services' (KPMG 1998, p.6).

So what does AWIRS tell us? As table 6 shows, manufacturing sits sixth in the league table of industries involved in contracting-out. While manufacturing is well below the 'big battalions' of utilities and construction, it is still about 10 per cent above the industry average. It is important to note that some of these industries—such as construction—have always been heavy users of contracting, but others are very much the victims of the 1990s' fad for outsourcing—with education and government administration particularly hard hit.

Table 6 shows that some level of contracting-out has been undertaken by a majority of workplaces in five industries—three blue-collar and two white-collar.

Table 6: Contracting-out by industry (AWIRS95): percentage of workplaces with services contracted-out during the last six years

Industry	Per cent workplaces with services contracted-out
Electricity, gas & water supply	66.8
Construction	60.8
Education	60.4
Mining	55.3
Government administration	51.5
Manufacturing	45.7
Property & business services	33.3
Cultural & recreational services	33.2
Communication services	32.8
Transport & storage	32.3
Wholesale trade	29.8
Personal & other services	28.7
Health & community services	22.4
Accommodation, cafes, restaurants	21.7
Finance & insurance	14.8
Retail trade	10.6
Total	**34.7**

Source: AWIRS, panel data

Note: Population: all workplaces with 20 or more employees which survived from 1990 to 1995.

The AWIRS data also shows that the most common services for contracting-out have been:

- cleaning and laundry
- building and maintenance
- provision of other parts for manufacturing or production
- deliveries, courier services and mail
- computing and clerical services

As shown by table 7 the BLS does not cover all industries, and as noted earlier, the concept of 'contracting-out' used here is much more restrictive than that used for AWIRS—the firm had to have contracted-out a previously in-house function within the previous 12 months. Nevertheless, the industry structure of the incidence of outsourcing is relatively consistent with that suggested by the AWIRS data.

Table 7: Contracting-out by industry (BLS data): percentage of firms that contracted-out activities (in past 12 months) previously done by the business's employees

Industry	Per cent of firms with services contracted-out
Mining	17.6
Manufacturing	8.1
Construction	5.2
Wholesale trade	3.1
Retail trade	2.6
Accommodation, cafes, restaurants	4.0
Transport & storage	2.7
Finance & insurance	2.9
Property & business services	6.2
Cultural & recreational services	5.8
Personal & other services	1.7
Information technology	6.7
Total	**4.6**

Table 8: Contracting-out by industry (KPMG labour-hire firm data): percentage of labour-hire firms nominating relevant industry as one to which they supply labour

Industry	Per cent of labour-hire firms that service that industry
Manufacturing	19
Construction	19
Mining	12
Transport	9
Wholesale/retail trade	6
Communication	5
Government administration	5
Other	25

While these data show the strength of labour hire in manufacturing, construction and mining, it must be remembered that this is to be expected given the focus of the KPMG study. The survey of labour-hire firms deliberately excluded those firms supplying administrative and professional services.

A small survey of members of the Personnel and Industrial Relations Group of the Metal Trades Industry Association (MTIA) conducted in 1994 suggested that 96 per cent of respondents had outsourced at least one activity, and more than half had outsourced cleaning, transport, catering and maintenance work (Benson & Ieronimo 1996). Once again however, this study focusses on manufacturing and practices in the metals manufacturing industry in particular. It is apparent that outsourcing has also become increasingly popular in other industry sectors and for the supply of other services. For example it is estimated that up to a quarter of the top 200 Australian corporations now have employees of external services suppliers looking after areas like the mail room, courier services, reception, records management, registry, accounts payable, payroll processing, the supply of office furniture and purchase of office consumables (Jay 1999a)

The increase in outsourcing activity has led to an identifiable 'outsourcing industry' comprised of firms whose sole activity is the provision of particular services to companies. A special survey of outsourcing by the Australian *Financial Review* identified at least four separate segments in the Australian outsourcing market outside of the established manufacturing areas of components production, maintenance, cleaning and catering:

- property and facilities management
- financial processes and human relations management (HRM)
- office support services
- internal auditing

Not only has the extent of outsourcing been increasing, but the type of functions that are outsourced has also been changing. There has been a growing re-assessment in many industries and firms about what constitutes the core and non-core aspects of their business. One survey conducted in the US suggested that the average number of functions outsourced by organisations had risen by 225 per cent (from 1.2 to 3.9) between 1992 and 1997 (Brown 1997).

Some firms especially in information technology (IT) (for example, Apple and Compaq) now outsource their entire manufacturing process. Known as 'turnkey contract manufacturing', firms retain control only over the brand name and marketing of the product. Many airlines, for instance, initially began outsourcing functions such as baggage handling and refuelling. Some now suggest airlines should retain control of marketing but outsource everything else, including flying.

Outsourcing of customer service, for instance, has also become increasingly popular, for example, through the use of call centres. A survey of over 1000 chief financial officers by Drake suggests, however, that Australian firms are lagging behind their international counterparts in terms of what functions they are prepared to outsource. A recent study by the Australian Call Centre Association found that only 7 per cent of organisations were prepared to outsource their call centre business.

Reasons for the growth of outsourcing and labour hire

Figure 3 is a summary of major research on outsourcing and labour hire. Most of the research to date has occurred in the US and the UK, with a limited number of studies focussing on the Australian labour market. The issue of outsourcing, and its impact for training access and delivery has only received limited attention by researchers to date.

The literature review on outsourcing highlights the distinction made by researchers between different types of atypical employment arrangements. Figure 1 showed the separation between workers employed in direct and more traditional employment relationships (permanents and casuals) and indirect relationships (independent contractors and outsourced suppliers). The literature on outsourcing helps to highlight the forces of supply and demand working to stimulate the growth of indirect employment relationships.

Domberger (1998), Sharpe (1997) and Rothery and Robertson (1995) consider outsourcing as a business-management strategy. These pieces provide insights to management and corporate rationales for outsourcing as a strategy to enhance firm competitiveness. Alternatively, Paxson and Sicherman (1996) argue that supply-side factors (labour market demand) have prompted the growth of more flexible employment arrangements. Laird and Williams (1996) identify outsourcing to be a significant contributor to the growth of temporary employment in the US—with firm and labour market demand for greater flexibility legitimising its widespread use.

Rees and Fiedler in the UK (1992) Gonos (1997) in the US and Fenwick in Australia (1992) examine the impact of outsourcing on the creation of indirect employment relationships. These indirect relationships are argued to make it more difficult for workers to access entitlements traditionally associated with permanent work. In this environment, it is difficult to identify who has, or should have, primary responsibility for training. The individual worker? The host employer? Evidence from an Australian study of 43 labour-hire firms shows that labour-hire firms do not typically acknowledge training to be part of their responsibility as an 'employer' (KPMG 1998).

Figure 3: Summary of research on outsourcing

1. Documenting incidence of outsourcing

Researchers	Year	Key findings	Industries/case studies?	Source
Clinton	1997	Significant growth in firm 'purchase of services' since 1980s. Major suppliers of 'flexible labour services' (business, management & engineering services) have employment gains stronger than total US economy	Trends across range of industries	US
Leicht	1998	Range of atypical employment issues—temporary & outsourcing. Reviews US literature to date		US
Harrison & Kelley	1993	Management rationales for and demand side of outsourcing	Survey of plants in metal and machinery sectors	US
McIntosh, Shauness & Wettenhall	1997	History of contracting-out	Public sector projects	Australia
Paxson & Sicherman	1996	Patterns of dual job holding. Workers motivated to move in and out of second jobs because of changes in working hours and constraints on hours		US
Laird & Williams	1996	Time-series data to map factors influencing temporary employment growth. Increased foreign competition is identified as key reason. Supply-side factors identified include increase in number of married women in labour market	Aggregate employment growth in temporary help industry	US
Buchanan, Briggs & Watson	1999	Non-standard employment categories and changes to these categories. Issues associated with regulation of atypical employment	Manufacturing	Australia

2. Implications of outsourcing for employment relationships

Researchers	Year	Key findings	Industries/case studies?	Source
Rees & Fielder	1992	Contract employment and its implications for employment relationship	Cleaning, Catering	UK
McCarthy	1997	Policy implications of outsourcing	SA water	Australia
Benson	1998	Relationship between training and employee commitment. Focus on labour-hire firms	Manufacturing	Australia
Mayhew, Quinlan & Bennett	1996	Special focus on OH&S implications		Australia
Gonos	1997	Legal framework for temporary help industry, and its growth in US over last 20 years		US
Lee	1996	Increased government regulation of labour markets has caused trend toward flexible employment. Regulation has increased cost of employing permanent workers		US
Keep & Sisson	1992	Human resource problems at universities (temp staffing arrangements), some emphasis on implications for training.	Higher education	UK

3. Impact of outsourcing on firm performance

Researchers	Year	Key findings	Industries/case studies?	Source
Benson & Ieronimo	1996	Case studies—outsourcing maintenance activities to Skilled Engineering	Manufacturing	Australia
Fixler & Siegel	1999	Productivity focus	Services	US
Ten Raa & Wolff	1996	Focus on 1980s period of productivity recovery	Manufacturing	US
Sharpe	1997	Benefits for outsourcing (allowing firm adaptation to technological change)		US
Graham & Scarborough	1997	Advantages and disadvantages of outsourcing IT in Australian State governments	IT	Australia

4. 'How to' outsource (operational manuals)

Researchers	Year	Key findings	Industries/case studies?	Source
Domberger	1998	Profiles organisations who have outsourced	Mambo	UK
Rothery & Robertson	1995	Profiles successful and unsuccessful models for using contract labour	Automotive, IT, building and property management	UK

5. Labour-hire focussed literature

Researchers	Year	Key findings	Industries/case studies?	Source
Fenwick	1992	Labour hire	Victoria—building industry	Australia
KPMG/ANTA	1998	Labour hire and implications for apprenticeships	Manufacturing	Australia

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The increasing use of outsourcing and the associated growth in the labour-hire industry is not simply the result of compositional or structural changes to Australian industry; rather, the growth of outsourcing is the result of conscious management choices and decisions and is associated with a new approach to the management of labour resources. The key question then becomes: what is driving those management decisions? (Wooden 1999,p.33).

Before considering the formally stated reasons and typical rationales for outsourcing it is important to note that, just as contemporary outsourcing has emerged in the context of the development of strategic HRM, the search for flexibility and more efficient forms of work organisation, so it must be understood in terms of the debates about flexibility, work re-organisation and HRM (Benson & Ieronimo 1996, pp.60–1). Research into the pursuit of flexibility in Australia, for example, has indicated that the principal focus has been on enhancing working time flexibility and numerical flexibility so that management can more easily and more cheaply deploy, re-allocate and remove labour when necessary (Harley 1994). Outsourcing also further contributes to the contemporary trends concerning the reform of working time where we have increasingly seen an erosion of the traditional nexus between payment and set hours of work. Increasingly, payment is made for performance, either performance of a particular task (payment on a contract basis or piecework), or performance at a certain level of productivity (performance-related pay).

Thus, management by outsourcing can achieve considerable flexibility as payment is made only for work undertaken and completed, the tasks undertaken are contract-related and not craft-related, and worker numbers can be adjusted to the requirements of the plant (Benson 1999, p.4)

While short-term cost considerations are bound to feature prominently in the identification of management motivations for outsourcing, the level of strategic planning behind those decisions should not be overstated. For Strassman (1995), strategy is not the driving force behind most outsourcing decisions; it is more likely to be a case of management reacting to 'financial trouble' and opting for what appears to be a 'quick fix' (see also Plunkett 1991).

The literature suggests that there are four distinct management rationales for outsourcing (see for example Harrison & Kelley 1993; Domberger 1998):

1. *Capacity outsourcing*: during periods of peak demand organisations meet the need for increased production or supply by supplementing their existing capacity with outsourced production or supply.

2. *Specialisation subcontracting*: where a service or process requires specialised technology, equipment, expertise or skills which the organisation doesn't have on hand then organisations might outsource to an organisation that possesses the required specialist capability.

3. *Cost reduction*: the central logic behind outsourcing has traditionally been that organisations should concentrate on doing what they do best (their core activities) and leave, what are for them, peripheral activities to other organisations that may well be much more efficient at those particular tasks (Rees & Fielder 1992; Harrison & Kelley 1993). If outsourced production or supply is cheaper than in-house production or supply, then this raises some critical questions. To what extent is the contract producer or supplier of services achieving cost savings through economies of scale, greater expertise and experience and hence efficiency, or, to what extent are those savings achieved at the expense of adequate spending on occupational health and safety, training and labour on-costs more generally?

4. *Market discipline*: outsourcing supposedly introduces a stronger sense of market discipline to organisational decision-making by encouraging a focus on outputs (such as results for an explicit cost) rather than inputs (such as process, organisation and skills). It is also intended to encourage efficiency and innovation amongst the suppliers of services and products by encouraging greater competition between specialists.

Most survey evidence as to management reasons for outsourcing tends to be consistent with these rationales. Wooden and VandenHeuvel (1996) found that managers' most commonly

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reported explanations for engaging contractors were: access to specialist skills, coping with peaks in demand and the capacity to deal with one-off tasks. The most common reasons for clients using labour hire, according to labour-hire companies, are shown in table 9.

Table 9: Reasons for using labour hire

Reason for using labour hire	Per cent of labour-hire firms indicating this reason
Meet peak demands	49
Special projects	16
Specialised skills	5
Temporary staff	3
Manage whole function	3
Other	24

Source: KPMG 1998, appendix 3, p.17.

Potential cost savings do appear to be a major incentive for employers to outsource. Researchers such as Simon Domberger claim that 20 per cent cost savings can be achieved through outsourcing (Domberger & Farago 1994). However, even Domberger is increasingly acknowledging that cost savings are uneven and more achievable in low-skilled areas such as cleaning services than in high-skilled services such as IT (Mitchell 1999, p.21). Others have questioned such savings, noting that savings may not have been gained through increased efficiencies but through work intensification and reductions in quality (Quiggin 1996).

The degree to which outsourcing has been used as a deliberate anti-union employee relations strategy is debated within the literature and amongst observers (see for example Harrison & Kelley 1993, p.230). Many trade unionists believe, and some employers acknowledge, that outsourcing may be part of a deliberate union avoidance strategy. Roger Boland, Director of Industrial Relations with the Australian Industry Group, one of the nation's largest employer groups, notes that a deliberate non-union strategy motivates some outsourcing (Long 1998b). Indeed, the Patrick's dispute stands as a stark example where outsourcing was used to undermine the existing trade union (ACIRRT 1999, p.144). Benson's (1999; Benson & Ieronimo 1996) research into the outsourcing strategies of a number of Australian manufacturing firms indicates that managers are certainly often seeking 'better industrial relations' as a result of outsourcing and the reduction of demarcation disputes is often seen as central to that ambition. Almost half of the company respondents to his survey saw 'reducing the number of unions', 'reducing union influence' or 'improving industrial relations' as important goals of the outsourcing strategy. In his case studies of four manufacturing firms Benson (1999, p.9) found that the most commonly cited reasons were:

- cost reduction/efficiency improvement
- flexibility
- demarcation disputes/industrial relations improvement
- concentrate on core business
- changes to production process
- high cost of overtime

Ultimately the limited research that has been undertaken on outsourcing in Australia suggests that managers who outsource generally estimate that there are some short-term cost savings involved and that outsourcing has assisted with the change process. However, it is equally evident that there are dangers. Benson's study, for example, indicated that while managers reported improved productivity, lower labour costs and improved industrial relations (because of the removal of demarcations and 'restrictive work practices') there were concerns with the quality and performance of the outsourced work (Benson 1999, p.11).

The limitations of outsourcing in terms of its contribution to the longer-term development of the organisation are highlighted by Prahalad and Hamel (1990):

Outsourcing can provide a shortcut to a more competitive product, but it typically contributes little to building the people-embodied skills necessary to sustain product leadership (quoted in Benson 1999, p.6).

Quantitative evidence of employer spending on training

Human capital theory would suggest that non-standard employment would result in a reduced employer commitment to training. Before examining the likely effects of casualisation, outsourcing and labour hire on vocational education and training, data on training expenditure patterns are briefly reviewed.

AWIRS95 found that more workplaces were providing training (other than on-the-job training, attendance at conferences or apprenticeships) throughout the first half of the 1990s. In 1990, 58 per cent of workplaces reported that they provided such training, while by 1995 this had risen to 68 per cent.

AWIRS95 also found that such training was more likely to be provided by public sector employers (78 per cent) than private sector employers (64 per cent). As well, workplaces that were part of a larger organisation were more likely to provide such training (72 per cent) compared to single workplaces (51 per cent) (Morehead et al. 1997, p.112).

However, ABS data have revealed more disturbing trends that support the implications of human capital theory. First and foremost is the decline in employer spending on training. The Training Expenditure Survey found that between 1993 and 1996 training as a percentage of gross wages and salaries had declined from 2.86 per cent to 2.54 per cent. This equated to a decline in training spent per employee from $191.25 to $185.49 (ABS 1996, p. 1).

Not surprisingly, smaller employers spent less, on a per employee basis, than larger employers. An employer with between 1 and 19 employees would spend 1.2 per cent of gross salary and wages ($71.31 per employee) on training while an employer with 100 more employees would spend 3.18 per cent of gross salaries and wages ($255.64) on training (ABS 1996).

The drop-off in individual employees receiving training is also noted in the survey of educational and training experience. In this survey the percentage of employees who received some training in the previous 12-month period fell from 85.8 per cent for 1993 to 80.2 per cent for 1997 (ABS 1997a, p.1).

Table 10: Employees who had received some training in previous 12 months, by selected occupation, full-time/part-time status and permanent/casual status, Australia, 1989, 1993, 1997 (per cent of employees)

	1989	1993	1997
All employees	80.2	85.8	80.2
Professional	92.0	96.4	96.0
Tradesperson	76.7	83.7	79.6
Salesperson	81.1	86.9	75.8
Labourer	65.8	74.4	64.9
Full-time	80.7	87.2	84.2
Part-time	72.9	81.9	71.4
Permanent	80.5	87.2	84.7
Casual	73.2	81.6	68.9

Source: ABS 1997a

As noted in table 10, the decline in training across occupational categories was not even. The proportion of professionals receiving training remained constant, while the proportion of tradespersons and casuals receiving training declined dramatically.

The survey also noted that casuals and part-timers were far less likely to receive training than full-time or permanent counterparts. These gaps also widened considerably between 1993 and 1997.

It has also been noted that certain *types* of training are in decline. For instance, teenage apprenticeships fell by 45 per cent between 1989–90 and 1996 and the total number of traineeships and apprenticeships fell by 25 per cent over that period (Long 1998a).

It has been claimed in the April 1998 issue of *Australian Training Review* that the number of apprentices and trainees in Australia reached a record level of more than 175 000 as at June 1997. Part of the problem with the aggregate figures is that they do not distinguish between an 'apprenticeship' and a 'traineeship'. With the exception of NSW which retains 'declared trades and callings', the New Apprenticeship system blurs traditional distinctions between apprenticeships and traineeships. As most employers understand the terms, apprenticeships have usually involved a 'contract of training' and employment for four years while traineeships have generally been limited to one year of training and employment. Apprenticeships have mainly operated in the skilled trades while traineeships have, for some time, been designed to operate in a wider range of industries, including some of the traditional trade areas, media, health, child care, retail, computing, office administration and the automotive industry. While traineeships and New Apprenticeships have the potential to increase the industries in which structured entry-level training is possible, the reported expansion in traineeships and new apprentices has been at qualification and skill levels below those of the traditional trades. Structured training at higher skill levels has probably declined.

Governments have been an important source of traditional trades apprentices for industry as whole. However, a recent analysis by Dr Phil Toner (1998) of trends in NSW Government apprentice intake found that there has been a 77 per cent decline in NSW Government intake since 1986, (1247 in 1986 to 292 in 1996). In 1986, the NSW Government apprentice intake accounted for 8 per cent of total NSW intake but this had declined to 2 per cent by 1996. The NSW Government was particularly important in hiring and training certain trades applicable to the public services. For example, in 1986 the Government engaged 21 per cent of the total state intake of electrical apprentices, 10 per cent of building apprentices and 9 per cent of metal trades. By 1996 its intake of electrical apprentices had declined to 7 per cent, 1 per cent in building and 2 per cent in metal trades. These trends are not confined to NSW.

The June–August 1998 issue of NCVER's *Australian Training Review* confirms that traditional trade-based apprenticeships appear to be at a four-year low. In their place has been a significant increase in trainees in clerical occupations (up 12 per cent in two years), sales and personal service workers (up 323 per cent in two years) and labourers (up a massive 770 per cent between 1995 and 1997).

Adding to the problem of future skill shortages in the traditional trade areas is the increasing dependence by government and large private sector organisations on labour-hire companies and on outsourcing maintenance and other trade work. It is widely claimed that companies that traditionally trained and retained their own tradespeople are no longer doing so. Adding to the threat of a serious shortage in traditional trades in the near future is the finding of Marshman's report to the Victorian Engineering Skills Training Board (Marshman 1998) that, although labour-hire companies employ qualified trades people, they tend not to hire apprentices. The challenge for industry is that there do not appear to be sufficient mechanisms operating to replace the existing skilled labour force. As a result, short-term cost saving through outsourcing may lead to medium-term cost increases.

It is not only in the traditional trades areas that we are witnessing a retreat from structured training. Recent ABS figures (table 11) confirm a collapse of training provided by employers in a number of industries. In particular, parts of manufacturing, construction, finance and mining have witnessed a dramatic decrease in the proportion of employers providing training to employees between the time of the Training Guarantee legislation (1993) and the latest available figures for 1996.

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Table 11: Training by selected industries, 1993 and 1996

Industry	Per cent of employers providing training	
	1993	1996
Mining	28.70	26.00
Metal manufacturing	51.15	15.23
Other manufacturing	40.95	19.04
All manufacturing	46.72	21.52
Finance	42.08	26.05

The former *Training Guarantee Act* appears to have had the single greatest impact on improving employer training expenditure. This is clearly evident in the data above and that presented in table 12 that compares developments in metal manufacturing with those across the economy.

Table 12: Average training expenditure as a percentage of gross wages and salaries by metal manufacturing industries, Australia, July to September, 1990, 1993,1996

Industry	Formal in-house			Formal external			Total formal		
	1990	1993	1996	1990	1993	1996	1990	1993	1996
Basic metals	2.4	3.7	2.7	0.9	1.4	1.0	3.4	5.0	3.7
Fabricated metals	0.8	0.9	*	0.5	0.7	*	1.3	1.6	0.7
Transport equipment	2.8	2.7	2.4	1.0	0.9	0.8	3.8	3.5	3.2
Other mach & equip	1.1	1.3	1.8	1.0	0.8	0.9	2.1	2.0	2.7
Manufacturing	1.4	1.8	[1.5]	0.7	0.8	0.7	2.1	2.6	2.2
All industries	1.8	2.0	1.8	0.8	0.9	0.8	2.6	2.9	2.5

Source: ABS 1996

* Unable to be calculated.

The overall trends are clear. Expenditure levels rose when there was a requirement that employers spend on training and fell after the Training Guarantee was withdrawn. This development is all the more striking when one considers the period in the early 1990s was one of recession and in the mid-1990s was one of solid growth.

Growth of non-standard employment and its impact on VET

Does the rise of non-standard employment have any direct impact upon VET? Human capital theory would lead one to believe that employers will train less as their reliance on non-standard employment rises (Becker 1964). Becker notes that training is an investment in labour, concerned with increasing the productivity of labour.

Employers will invest in training as long as they are able to enjoy the fruits of the increased productivity a trained employee will bring once trained. Apprenticeships and internal labour markets (alongside standard employment) were institutional arrangements that sought to keep employees within the firm and ensure that employers could capture the fruits of their training investment (Doeringer & Piore 1971).

However if labour becomes more mobile (either through the actions of employers, employees or both), the reciprocal nature of training breaks down. Employers become increasingly concerned that they would lose their investment by the trained employee leaving for another employer ('poaching'). Rather than training their employees themselves, employers who may have previously trained will now become 'poachers' themselves, seeking already trained employees in the labour market (Cappelli 1999, p.200).

Such a dynamic can be seen in the Australian context. Large public sector employers, such as the railways and utilities, were seen as the training ground for skilled manufacturing

apprenticeships (Gospel 1993, p.11). Often this was in concert with the well-developed TAFE system. International commentators such as Gospel are intrigued by the resilience of the apprenticeship system in Australia into the early 1990s, noting that a strong award system and trade union support had helped in its survival (Gospel 1994).

The preceding discussion leads to a working assumption that those in non-standard employment are not receiving training from their employer, and as such are increasingly expected to provide their own training. For individuals with considerable skills already, the fact that their skills are in demand and that they receive above-average rewards may act as a strong incentive to train. However for low-skilled individuals working in non-standard situations, it may be that the lack of accessible or affordable training opportunities are serving to reinforce the 'dead-end' character of many of those jobs.

Casualisation and training

Relatively little research has been undertaken in Australia on the links between casual and/or part-time employment and vocational education and training. The research that has been undertaken serves to confirm the working hypothesis that part-time and, in particular, casual employees tend to receive less structured vocational education and training than permanent and, especially, full-time permanent employees.

Wooden (1996) provides an analysis of the 1993 Survey of Training and Education which shows that fewer casuals than permanents receive formal in-house training, external training or unstructured on-the-job training. For example, 31.3 per cent of all wage and salary earners undertook some in-house training course in the previous twelve months. The participation rate for the four employment categories analysed by Wooden were: full-time permanents 38.2 per cent; part-time permanents 33.3 per cent; full-time casuals 12.6 per cent; and part-time casuals 13 per cent (Wooden 1996, p.6). Casual employees were also far less likely than permanents to have undertaken externally delivered training courses, although when they did undertake that training they spent an above average period of time in those courses (Wooden 1996, p.9). Employer support for external training for casuals was extremely uncommon, with less than 2 per cent of casuals receiving any kind of employer support for that type of training (Wooden 1996, p.13). Casual employees were also somewhat less likely to receive unstructured on-the-job training (Wooden 1996, p.16). Finally, casuals (especially part-time casuals) were more likely than permanents to be participating in some form of educational study for vocational purposes, reflecting the high proportion of young people in part-time casual employment and the working time demands of educational study.

VandenHeuvel and Wooden update the picture provided by the 1993 survey using figures drawn from the 1997 survey and disaggregating the data into various types of training.

Table 13: Percentage of employees who undertook various forms of training in previous 12 months by permanent/casual status

	1989		1993		1997	
	Perm.	Cas.	Perm.	Cas.	Perm.	Cas.
In-house course	39.8	15.2	37.6	12.9	40.5	16.7
Employer-supported external course	7.7	1.2	9.2	1.6	15.3	3.4
Non-supported external course	3.8	4.1	4.0	6.1	9.0	13.2
On-the-job training	73.2	66.3	83.4	77.2	76.3	68.9
Studied in previous year	15.5	21.9	16.3	15.4	14.9	20.7
Some training undertaken	80.5	73.2	87.2	81.6	84.7	68.9

Source: VandenHeuvel & Wooden 1999, p.24; ABS 1989, 1993 and 1997.

The pattern of permanent employees having greater access to training than casual employees (illustrated in part in table 10) is replicated here across most of the categories of training type. Permanents are much more likely to have attended in-house training courses and to have

received employer support for external courses. Interestingly however, casuals are more likely to have undertaken external courses that they have had to support themselves. VandenHeuvel and Wooden (1999, p.25) have described this in terms of casuals 'compensating' for the lack of employer-funded, supported or provided training. Casuals in 1989 and 1997 were also more likely than permanent employees to have been undertaking study for an educational qualification. While the total proportion of employees (both permanents and, especially, casuals) undertaking some form of training declined between 1993 and 1997, in some kinds of training, more casuals participated in 1997 than in 1993. However those increases tended to be from low bases and the increase in participation was strongest for casuals compelled to pay for and devote their own time to their external training.

The lower levels of access to training, especially employer-supported VET, experienced by casuals may well be a consequence of the occupations, industries or other characteristics commonly, or disproportionately, associated with casual employment. In order to test for this possibility, VandenHeuvel and Wooden (1999), using the AWIRS95 data, undertook a multivariate analysis of the factors that might be thought to contribute to whether an employee had undertaken employer-provided formal training. Even when controlling for a very wide range of personal, educational, demographic, occupational, industrial and educational variables, casual employees were still much less likely to have undertaken employer-provided training in the previous twelve months (VandenHeuvel and Wooden 1999, pp.27, 43–5). Therefore, they reason that casuals' failure to access employer training must either be because of employer discrimination in the allocation of training opportunities or employee preferences.

Evidently there are good reasons why we might suspect employers that favour permanent employees over casuals in the provision of training—they may reason that casual employees are not worth the investment because they may not work as many hours or not be employed in as strategic a capacity as permanent employees, or because they may not be with the organisation for as long as a permanent employee. Casual employees themselves may have good reasons for not seeking as much training as permanent employees because they have career aspirations outside the field of work in which they are casually employed. Some of these issues were taken up in a study undertaken by Curtain (1996).

In addition to analysing the 1993 Survey of Education and Training Experience data Curtain (1996) draws on specially designed surveys of both employers and employees. Curtain's report is also notable for demonstrating a greater sensitivity to the constraints and circumstances relevant to different kinds of casual workers.

Curtain's data and analysis also provide an alternative way of understanding casual employment that highlights some important links with VET. Rather than limited job tenure (for example, VandenHeuvel 1999, pp.6–7) or precariousness (Burgess & Campbell 1998) or contingency (Hall, Harley & Whitehouse 1998), Curtain suggests that the essence of casual employment is the absence of a career path. In referring to the results of his survey of casual workers he noted that:

...casual work is more likely to refer to a set of characteristics that together offer limited opportunities to pursue a career. As many as 80 per cent of casual employees say that they have fewer opportunities for training than permanent employees. Only 42 per cent of casual workers believe they have good career opportunities. On the other hand, nearly three quarters of the casual workers surveyed stated that they wanted a career (1996, p.7).

Curtain's data also showed that while most casuals wanted a career, 77 per cent of employers of casuals stated that they believed their casual employees were not oriented toward a career. These data indicate that the problems of casual employment and training are not solely about access to or the adequacy of training, they also concern the perceptions of employers and the very different aspirations of casual employees.

It is clear from Curtain's analysis that there are considerable difficulties for casual workers trying to gain access to the training they want. His reference to ABS data and the Industry Commission's study of training in the tourism and accommodation industries in 1995

identifies the importance of vocational qualifications for casual workers, especially in those sectors. However his analysis revealed that only 16 per cent of casual employees in accommodation had received formal training.

Curtain's survey research indicates that casuals fail to take up training owing to cost, time constraints, a lack of transport, the inconvenience of the location of training and the difficulty of scheduling both training and work (Curtain 1996, pp.10–11). Many employers do not believe that providing training to casuals is their responsibility—only just over a quarter of employer respondents said they would be prepared to offer on- and off-the-job training even if the TAFE coursework fitted conveniently with their labour demands (Curtain 1996, p.13).

It therefore not surprising that casuals who access training tend to be prepared to take personal responsibility for getting that training, tend to have a 'clear career orientation' and tend to have a 'supportive work environment' (Curtain 1996, p.11).

The Curtain study (1996, pp.18–22) divides the population of casual workers sampled into five groups with distinctive orientations to VET:

- full-time students who tend to have little interest in pursuing VET in the area of their casual employment because they have different aspirations
- casuals with few career aspirations who tend to be apathetic and pessimistic about VET opportunities
- women with dependent children who tend to feel that they *do* have reasonable training opportunities
- mature-aged men who tend to be in insecure jobs and feel marginalised and isolated from training opportunities
- career-oriented casuals who tend to want training (or more training) to help them develop skills for permanent work and a career path

Despite the reality of many objective barriers to training for casuals, there is also a perception amongst many casuals that training is not for them. Amongst others there seems to be a fair degree of uncertainty about what training might be best and how they might be able to access it. This negative (or neutral) orientation to VET amongst many casuals is understandable given prevailing labour market conditions, the often unrewarding nature of their work and the uninspiring character of their career prospects. Moreover, casual employees would often be acutely aware of the apparently widespread view amongst their employers that they either don't need training or that getting adequate training is not the employer's responsibility.

Curtain identified the obstacles to training for casuals:

- training costs
- time constraints
- lack of flexibility in training provision
- lack of recognition of work skills
- lack of information and guidance on careers and training opportunities
- employee attitudes
- employer orientation

Just as employee negativity or ambivalence is understandable, so too is the attitude of most employers. Formal, traditional, entry-level training arrangements normally assume that trainees are full-timers working in the industry or even occupation in which they are receiving training and wanting to establish a career. This limits the opportunity for casuals who are looking to use VET to upskill, re-skill, move into another part of the labour market or change career paths altogether (Curtain 1996, p.29). Employers are understandably often reluctant to support or even tolerate training that might simply facilitate employees leaving their employment.

A new approach to structured entry-level training for non-standard workers is proposed by Curtain in the form of 'individual traineeships' which would be independent of the trainee's particular employment relationship. The case studies reported in the second part of this

report suggests that the current system of New Apprenticeships is not able to meet most of the needs of casuals identified in Curtain's analysis.

Outsourcing, labour hire and training

For many of the same reasons that we associate casualisation with lower levels of training we might expect outsourcing arrangements to lead to less training at least of the employees and contractors affected by the outsourcing arrangements. As VandenHeuvel and Wooden (1999, p.32) point out there are likely to be strong incentives working on individual labour-hire operators *not* to train their employees for fear of having well trained staff 'poached' by client firms.

The possible link between outsourcing and training also depends on the nature of the work being outsourced. If outsourced or labour-hire labour is typically low-skilled and not in need of significant training then the shift to outsourcing may not have had a great impact on training.

The KPMG survey found that the most common reason for using labour hire was 'to meet peak demands'—not *necessarily* suggestive of the need for highly skilled workers. ('Specialised skills' was nominated as the reason why clients use labour hire by only 5 per cent of respondents.) However, when placed in context, these data cannot be taken to suggest that labour-hire labour is low skill or not in need of training. We know that some of the most common areas of outsourcing (especially for the kinds of operations surveyed by the KPMG study) are maintenance, component manufacture and supply, cleaning and catering. The need to use labour hire to 'meet peak demand' would seem to be more applicable to manufacturing production functions and maintenance rather than to cleaning and catering. Production and maintenance are normally thought to require relatively skilled workers. A majority of the labour-hire firms in the study also reported that they supplied workers with metal and electrical skills—again, relatively highly skilled workers—and the majority of labour-hire employees held trade qualifications (KPMG 1998, p.28).

Nevertheless, it must be remembered that outsourcing and labour hire have stretched across a wide range of functions and services, some requiring highly skilled workers others requiring less skilled workers.

The picture painted by the KPMG study of the labour-hire industry and its approach to skills and training is one of *a tendency to recruit already trained workers who are, by and large, expected to maintain their own training and skills development*. Fifty-five per cent of labour-hire firm respondents expected their employees to participate in ongoing training to maintain their skills and expected that their employees 'take private responsibility for skill development and maintenance'. It was noted, however, that labour-hire firms or client firms were more likely to fund training relating to safety and induction (KPMG 1998, p.32). Training more directly related to the skills of the employee is typically seen to be the responsibility of the employee.

Table 14: Type of training provided to labour-hire employees and funded by labour-hire firms, employees, client firms and other sources (per cent of respondents)

Type of training	Labour-hire firm funds	Employee funds	Client firm funds	Other	Number of responses
Induction training	50	5	45	0	22
Safety training	61	9	30	0	23
Trade training	26	43	4	Not undertaken: 22 Government: 4	23
Qualification updates	29	58	0	Not undertaken: 13	24
Post-trade	21	58	4	Not undertaken: 17	24

Source: KPMG 1998, appendix 3, pp.23–4.

The KPMG labour-hire firms were also asked a series of attitudinal questions about recruitment, training and skills development (1999, appendix 3, p.25). Respondents were

asked to agree or disagree with a series of propositions. Seventy-five per cent agreed that 'it was better to recruit trained staff'. However, this cannot necessarily be taken as indicating opposition to training. Presumably it simply indicates that labour-hire firm recruiters would rather recruit a trained worker than an untrained worker. Underlining that point, 73 per cent agreed that 'training pays for itself'.

Respondents were also asked about incentives and barriers to training provision. Unfortunately, while the incentives question appeared to permit multiple responses, the barriers item forced a single response. The rank ordering of incentives and barriers is shown in table 15.

Table 15: Incentives and barriers to training

Incentives to train	Per cent of labour-hire firms
Retain good employees	56
Improve present skills	47
Plan for future skill requirements	35
Commitment to training	26
Government incentives	12
Union encouragement	9
Other	9
Barriers to training	
Return on investment	20
Retention of trained staff	17
Prohibitive cost	10
Cost of downtime	10
Government downsizing industry	3
Economic climate	3
Lack of motivation	3
Funding cuts to training institutes	3
Lack of suitable employees	3
Apprenticeships too rigid	3
Short-term employment	3
Lack of work	3
Other	17

Source: KPMG 1998, appendix 3, pp.25–6.

It is apparent from these data that many labour-hire firm managers are aware of the importance of skills to their organisation. It is also apparent that the issue of retaining skilled employees is a major problem. On the one hand providing training is seen as a way of retaining good employees; on the other, employers are also aware of the dangers of losing trained employees. Nevertheless, on the basis of this admittedly limited data, it is difficult to conclude that there is a strong training culture in the labour-hire firms surveyed. Only a quarter stated that they had a 'commitment to training'. The reasons for this lack of commitment are overwhelmingly financial: the three most popular barriers to training concerned the inability of labour-hire firms to recoup the costs of training.

Given these factors it is not surprising that labour-hire firms employ few apprentices. Only 6 of 42 respondents, or 14 per cent, stated they had an apprentice on their books (KPMG 1999, appendix 3, p.26). It must also be remembered that if apprentices are to be found anywhere in labour hire, then it would be amongst the kinds of firms surveyed by KPMG, firms with strong manufacturing, engineering and construction skills.

If labour-hire firms are below-average trainers, as the evidence from the KPMG survey seems to suggest, then the shift of a notable proportion of employment from conventional in-house employment to labour-hire employment will lead to lower levels of training overall, net of other effects. However, it is possible that the shortfall in labour-hire-sponsored training may

be being compensated for by the client firms. While the data shown in table 14 do not support this proposition, VandenHeuvel and Wooden's analysis of the AWIRS data may suggest otherwise.

VandenHeuvel and Wooden rely on workplace data concerning the presence or absence of any formal training program—quite a blunt measure of training because it gives no indication as to who has access to the training program or the nature, quality or duration of the program. Nevertheless, they note that firms that had a training program in 1995 but did not have a program in 1990 were likely to have seen on average a three percentage point increase in the number of contractors. Other workplaces had on average a less than a one percentage point increase in the number of contractors. However, their analysis of their own 1994 survey of contractors found no observable relationship between training expenditure and contractor use (VandenHeuvel & Wooden 1999, pp.34–5).

In summary, the available data fail to provide a clear, unambiguous picture of the relationship between outsourcing/labour hire and training. Just as there are sound theoretical reasons for anticipating that employers will be averse to significant investment in training casual workers, so too we would expect both labour-hire employers and client employers to be averse to training labour-hire employees. However, while there have been some informative studies undertaken, the data do not presently permit firm conclusions.

Summary and conclusions

The Australian Bureau of Statistics has recently released the results of a survey of the different forms of employment prevailing in the labour market today. This provides the most up-to-date snapshot of how the Australian workforce is distributed between the different types of standard and non-standard work.

Table 16: Employed persons by employment types, all industries, Australia, August 1998

Employment type	All industries	
	Number ('000)	Per cent of employed workers
Employees with leave entitlements	4939.7	58.8
Self-identified casuals	1486.9	17.7
Other employed persons	299.5	3.6
Owner managers of incorporated enterprises	590.9	7.0
Owner managers of unincorporated enterprises	1078.8	12.8
Total	**8395.8**	**100.0**

Source: ABS 1998

Note: The percentage for self-identified casuals is lower than that commonly provided in other ABS publications. This arises for a number of reasons. First, casualisation is normally presented as a percentage of employees only, not all employed persons. Second, the traditional ABS definition of casuals would normally include many of whom are described in this catalogue as 'other employed persons.' When these are added to 'self-identified casuals' and divided by the total number of employees, the all-industry casualisation rate is almost identical to that provided in other ABS publications, that is around 27 per cent.

This table shows that fewer than three in five workers in August 1998 were engaged as permanent employees. What is particularly revealing about this table is the high level of 'owner–managers'—just under 20 per cent. These are mostly contractors. The table also reveals that levels of casualisation are slightly lower for casuals classified on a 'self-defined' rather than on the stricter 'leave entitlement' basis. As the comments in the note to the table make clear, the 'lower' level of casualisation is not as dramatic as first appears when definitional issues are taken into account. The survey also revealed that around one per cent of the workforce is paid by an employment agency and that about one contractor in six is a dependent contractor.

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On the basis of the review of the literature and data on outsourcing, labour hire, casualisation and outsourcing undertaken above it is possible to frame certain issues worthy of more detailed research. Generally speaking, the major issues concerning the proliferation of non-standard work and training are not in dispute. The extent to which the major issues in fact constitute problems (for individual employees, employers, particular industries and the economy more generally) *is* in dispute.

For example in their comprehensive analysis of some of the secondary data available on casualisation, outsourcing and training VandenHeuvel and Wooden (1999) suggest that the current situation should give little cause for concern. Casuals *do* get less employer funded training, they concede, but they propose that, by and large, this is compensated for by casuals undertaking their own training. Ultimately they conclude that casuals are not necessarily at a disadvantage in the training process (1999, p.37). However, the finding that casuals must fund their own training (or more of their own training) in the context of evidence suggesting a quite dramatic casualisation of jobs in recent times would seem to point to disadvantage at least for workers whose jobs have become casualised. VandenHeuvel and Wooden also find little evidence that outsourcing is having a negative impact on training. However, by their own admission, the data on which they rely are unable to provide much of a test of the proposition that outsourcing has had a deleterious effect on training. VandenHeuvel and Wooden also chose not to analyse the admittedly limited, but more focussed data provided in the KPMG report. Those data and that analysis do seem to suggest that outsourcing and labour-hire strategies are contributing to deficiencies in training.

The VandenHeuvel and Wooden report calls for more research on the relations between non-standard work and training. In particular they call for more research into:

The importance of employee attitudes and preferences in determining training outcomes…the role of employer attitudes and behaviour in determining training outcomes…the consequences of increased outsourcing for training, especially the issue of how the training requirements of the outsourced workforce are being met (VandenHeuvel & Wooden 1999, p.38).

This research agenda suggests the need for a detailed qualitative analysis of the attitudes and preferences of employers (including direct employers, labour-hire firms and their client firms) and employees (especially those who have been directly affected by outsourcing or casualisation). It also suggests the need for a better understanding of the practical dynamics that influence employer and employee choices concerning non-standard work. Understanding the implications for VET implies a need to understand the motivations, incentives and disincentives experienced by employers, labour hire and contractor firms and individual workers. These issues are explored in the next chapter.

The dynamics of non-standard employment and VET: Insights from organisational case studies and life histories

Introduction

The nature of non-standard work in Australia was detailed in the first part of this report. That analysis was conducted at a very aggregated and abstract level. Such an analysis cannot provide a compelling account of the dynamics involved in the shift to non-standard forms of employment. Moreover, a statistical analysis cannot illuminate the way in which changes in the labour market actually impact on organisations and the individuals who work within them. The growth of non-standard work is not just a statistical labour market trend—it is a reality that has shaped the working life experience of millions of Australian workers and tens of thousands of Australian workplaces.

This part of the report seeks to provide some insights into this lived reality. It reports the key findings arising from a series of case studies undertaken to highlight the diversity of the experience of non-standard work and its impact on vocational education and training. A full account of these studies is provided in the appendix, which can be found, on disk, inside the back cover. A description of the methodology and key findings arising from the field work are summarised below.

Description of fieldwork methodology and rationale

The fieldwork component of this research project sought to shed light on the way in which non-standard employment practices were being used in Australian workplaces and organisations. Given the breadth of the research questions and the breadth of the incidence of non-standard work across the Australian labour market, it was decided that case study examples should be drawn from a wide range of industrial, occupational and organisational settings.

The logic of the case study selection process was informed by the framework for analysis detailed in the previous section. This highlighted the need to examine the experiences of three key sets of actors:

- organisations that had decided to outsource some of their functions, engage labour-hire and/or casual employees
- contractors that specialised in the provision of outsourced services (outsourced services providers) and labour-hire companies or agencies
- individual workers whose work lives had been affected by the experience of non-standard work

The aim of the fieldwork was to undertake three case studies of client organisations, three case studies of outsourced service providers/labour-hire firms, and between fifteen and twenty case studies based on individual life histories. Five client organisations, six labour-hire/outsourced service providers and over thirty individuals were approached to participate. All participants were offered complete anonymity and the opportunity to read and edit their

case study interview reports. Ultimately, three client organisations, three labour-hire/outsourced service providers and sixteen individuals both agreed to participate, and emerged as suitable cases for study. A number of labour-hire firms approached declined to participate on the basis that they conducted virtually no training and did not wish to publicise that fact. One client organisation originally agreed to participate but withdrew following the intervention of senior management.

A large number of individual workers declined to participate. Many had originally expressed an interest in participating. However, they typically informed us that they had changed their mind after giving the matter more serious consideration. It was obvious that most of those employees feared the repercussions that would follow if their participation was revealed to their employer. The explanation of one employee was typical: 'I just can't afford to mate... I don't think my boss would like it much'. This reaction was common despite the fact that we were prepared to meet with the individuals at any time and place of their choosing. The degree of fear and apprehension felt by many employees is a sobering testimony to the conditions of work and levels of insecurity and intimidation that characterise many workplaces and work experiences today.

The organisational case studies involved one or two site visits, semi-structured interviews with relevant management personnel and follow-up telephone conversations to verify understandings and check facts. The individual life histories were based on lengthy semi-structured interviews conducted, in virtually all cases, in person.

In the course of the fieldwork a large number of interviews and discussions were held with a variety of interested parties who acted as key informants, providing background information or offering distinctive perspectives. Two of those interviews evolved into case studies of 'models of innovative training practices in labour hire' and are included in the following section. Material drawn from the other interviews has more generally informed the analysis of the links between non-standard work and VET.

A summary of the key features of the workplaces, organisations and individuals interviewed for this project is provided in tables 17 and 18.

Table 17: Client organisations and intermediaries/outsourced providers

Client organisations

Name	Size	Indust.	Occupational groups associated with out-sourcing arrangement	Length of time using non-standard employment	Preconditions for non-standard employment use	Training outcomes
RHSA – hospital	Out-sourc. provider 240 staff.	Health	Basic services (e.g. cleaning, food preparation)	Has used outsourcing since 1995	Restructuring: outsourcing of peripheral skills, performance management for 'core' skilled employees	Expectation that minimal training is required. OSP to provide
Shipyard	300	Heavy man.	Wide range of trades (e.g. rigging, welding, metal working)	Since early 1990s	Reduced demand for shipyard's services means that size of workforce reduced. Downsized 6 or 7 times since 1990	Very limited training able to be provided because of financial constraints
Local council	170	Govt	Call centre consultants	Outsourced call centre established 1996	Need to improve quality of service provided. Council business enterprises established	KPIs used to monitor performance. Call centre has own training team

Table 17: Client organisations and intermediaries/outsourced providers (cont.)

Labour-hire/outsourced providers

Name	Size	Industries serviced	Occupational groups	Length of time in operation	Training outcomes
CWK	Range of 50-100	Hospitality, construc-tion, retail,	Admin and clerical, labouring (low skill most common), but some medium-to-high skill placements	Commenced operations in February 1998	Limited. Financial survival main priority in early years, limited training conducted or facilitated because of low demand for training.
Icon	c. 1700	Information technology	IT consultants in a wide range of fields	Trading as Icon since 1997	'Near fit' candidates are trained at a reduced pay level, and placed with client organisation on completion of training.
Telco	Fluctuates	Telecomm.	Labourers, jointers, advanced jointers, optical jointers, team leaders and managers	Established in early 1990s	Responding to demand for labour hire in telecommunications industry. Focusses on turn-key project management/long-term relationships with client organisations Partially sponsored, with client organisation, training for technicians in demand areas e.g. advanced jointing

Labour-hire training centres

Name	Size	Industries	Occupations	Period of operation	Key features of operation	Future
AIG Training services	230 employees	Wide range	Apprentice-ships in engineering and electrical, office admin and meat processing	Since 1989	Operated by AIG to provide training and advice for groups members Successful and innovative ventures in meat industry and in labour-hire apprenticeship scheme	Likely to close, and be relocated to TAFE
Comet	Fluctuates	Building and construc-tion	Basic training for youth currently	Since 1993	Training provider working with contractors, group training companies and TAFE	Likely to expand

Table 18: Individual life histories

Name	Age	Sex	Quals.	Indust.	Usual occupation	Employment history	Did you elect to work in non-continuing employt?
Amy	31	F	None formal; specific IT software and programs	IT	IT multi media/graphic designer	c. 15 years as permanent bank employee, outsourced employee for 2 years	No – bank outsourced employees and functions
Nathan	34	M	Computer science degree	IT	Database administrator	c. 10 years permanent bank employee, outsourced employee for 2 years	No – bank outsourced employees and functions
Mary	27	F	TAFE computing course	IT	IT help desk	c. 7 years as bank employee, 2 years as OSP employee	No – bank outsourced employees and functions
Ollie	19	M	HSC	Tele-comm	Sales consultant	12 months as contract employee	No preference indicated
Shane	30	M	HSC	Call centre	Consultant	Worked with various outsourced companies since since early 1998	No preference indicated
Molly	28	F	Qualified dive controller, TAFE courses in tourism	Tourism	Dive controller	8 years as casual employee	Almost all jobs in the industry are casual or contract
Lisa	28	F	Tafe diploma in child care	Child care	Group leader	12 months as permanent casual	Would prefer permanent work
Helena	32	F	B Sc. & midwifery qualifications	Health	Midwife	11 years as contract worker	Likes the flexibility of the arrangement, has 2 small children
Craig	45	M	Various OH&S qualifications	Construc-tion	OH&S consultant	Entire working life (since 1972)	Wants permanent employment
Kristine	22	F	HSC	Food service	Counter server	Unemployed or casual intermittently for 5 years	Does not want permanent work in current job
Jessica	31	F	Masters in organisational psychology	Various	OH&S consultant	Labour hire & contract work intermittently for 9 years	Prefers short-terms of engagement; contract work offers variety
Deloris	37	F	Business management certificate	Education	Office administrator	19 irregularly (with short periods of permanent work)	Would prefer permanent position
John	25	M	Bachelor of education Trade in carpentry	Education	Teacher (primary school)	7 years	Offers flexibility, and suits John's plans to continue studying
Jim	27	M	Sheet metal worker, Welding & forklift	Manufac-turing	Metal worker	8 years	Happy as labour-hire worker
Rob	25	M	Form work carpenter trade cert.	Construc-tion	Carpenter/ metal worker (often general labourer)	5 years	Prefers the permanency provided by his current labour-hire firm
Col	40	M	Qualified fitter	Metal manufac-turing	Fitter	1 year	Would prefer permanency

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What do the case studies and life histories reveal about the impact of the growth of non-standard employment upon the provision of VET in Australia? In reflecting on the significance of all field work we have identified seven key findings. These are outlined below.

Key finding 1: ***When examining education and training issues associated with non-standard employment, most attention focussed on induction and 'near fit' training. No employers examined assisted in the acquisition of foundation skills. Where such training occurred it was all funded by either individuals or government.***

Traditionally, much scholarly and policy debate on VET has assumed that it is useful to distinguish between 'general' and 'specific' skills. Training in general skills concerns the development of skills applicable in a wide range of settings. Training in specific skills concerns the development of skills relevant to only a limited number of workplaces or to the enterprise employing the worker. This dichotomy has traditionally been associated with the operation of external and internal labour markets. The acquisition of general skills was essential to the operation of external, especially occupationally based labour markets. Firm-specific skills were usually assumed to be more effectively delivered (and the returns on them best protected) by the operation of internal labour markets.

This categorical distinction is of little relevance in making sense of the training issues discussed by non-standard workers and the employers hiring them. No employer made any significant contribution to non-standard workers acquiring generally applicable foundation skills. Quite a number of workers, however, made major investments in such skills. For example Helena, the nurse and health educator, was about to undertake a masters in health education at the time of interview. This built on her previous qualifications of a Bachelor in Applied Science, and certificates in midwifery. All were completed in her own time and at her own expense. Molly, the tourist guide and hospitality worker had acquired a considerable array of practising certificates including: accreditation as a dive controller, coxswain certificate (allowing her to skipper small vessels) and the TAFE Certificate II in Heritage and Interpretive Tourism. Lisa had qualified herself as a child care worker and subsequently upgraded her qualifications to those necessary to practise as a child care group leader. What was particularly impressive about Lisa is that she not only provided all her core skills, she also provided core equipment for her job (that is, books, toys and materials for the children under her care) because her employer skimped on investments in tangible as well as human capital.

Most consideration of VET in the interviews focussed on questions of basic induction training and, occasionally, 'near fit training.' The best employers examined provided well-designed and properly executed induction training. The local council call centre, for example, had an induction program that ran for eight weeks and was supported by follow-up training on and off the job. More commonly, induction training lasted for less than a day, with a typical example being that of Lisa—whose induction entailed meeting the staff and 'being pointed in the direction of the toddler room'. Quite a number of labour-hire workers reported not even receiving basic induction. This occurred in situations involving skilled metal workers (see for example Jim and Col) as well as those involving a labour-hire organisational psychologist (see for example Jessica).

Interestingly, the most advanced examples of VET for non-standard workers concerned the provision of so called 'near fit' training. This involves the host employer or an intermediary organisation, such as a labour-hire firm, providing supplementary training to enable a 'nearly qualified' worker to become 'actually' qualified. The best example of this was found in the IT and telecommunications industries. Examples of such operations are provided by the Icon case and Telco Labour Hire. At Icon this arrangement involved training 'near fit' candidates at reduced levels of pay to the point where they could then be placed with client organisations on the completion of training. This arrangement allowed the labour-hire agency to provide skilled labour in chronic short supply and thereby gain more business than would otherwise have been possible.

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*Key finding 2: **Many non-standard workers would prefer more ongoing and certain employment.***

The workers studied fell into three groups: those who liked non-standard employment, those who did not and those who did not expect anything else.

Around a third of those interviewed were happy working in non-standard arrangements. Two metal trades labour-hire workers were happy with their situation, primarily because they had quasi-permanent status with the labour-hire firm. This involved, inter alia, 'stand-by' pay when they were not allocated to a job. There were several interviewees who preferred the freedom of not being tied down to a particular job. Helena, from the health services industry provided an excellent example of this. Her key priority was to look after her family and have work fit in around that. She is a highly qualified nurse with a degree in applied science who had subsequently acquired a hospital-based certificate in midwifery and Certificate IV in Workplace Assessment (that is, accredited TAFE teacher). This gave her the ability to undertake a wide range of jobs in the health sector, not just nursing. She also noted that by residing in Cairns she 'lived in a labour market where my skills are needed, so it could be different in a bigger city...'. She worked actively to maintain a good network of people who could refer work to her. She emphasised the importance of 'knowing the right people in the right places' in order to have ongoing work. She also had the important personal quality of not being threatened by the unknown. As Helena stated: 'I always feel a little out of my depth when I start out [in a new type of job].' This was a trait shared by Jessica, the organisational psychologist and Deloris the office administrator. It was clear that this quality combined with their qualifications gave them considerable opportunity in the labour market to take best advantage of what came along.

This latter quality was absent among some of those workers interviewed, who strongly preferred more standard modes of engagement. The ex-bank workers whose jobs were outsourced clearly fell into this group. Their career expectations had been radically recast as the result of a high-level policy decision to contract out the bank's IT function. As one of their number, Mary, put it: the restructuring had resulted in her career stagnating and '... I don't have the confidence to be a manager, and I don't want to be a manager. I am just a worker and that's what I want to be'. Similar sentiments were expressed by Col, a maintenance fitter who had lost his job when the factory at which he worked outsourced all maintenance work to a labour-hire firm. A number of workers who wished to make a serious career in their chosen field wanted more continuous work to consolidate their skills. Lisa, the 'permanent-casual' child care worker fell into this category along with Craig, the highly certified builders' labourer turned OHS specialist. Without continuous employment these simple aspirations could not be fulfilled. It was also clear that as workers got older and wished to start families or take out a mortgage they developed a stronger preference for more secure modes of engagement at work. Deloris provided the clearest example of this:

All those years I didn't mind being in temporary positions. I always said that I liked the flexibility and the freedom. Now I think it may have had a lot to do with the fact that I didn't like the jobs anyway, so therefore I was always happy to get out. ... It has been a long time since I have enjoyed a job this much, so I want it to be permanent. As I am getting older, I want to have some permanency. I am buying a house and I am having my first child so my priorities have changed.

The final group was made up primarily of younger workers who, prima facie, appeared to have lower expectations about what to expect from work. There are no expectations of holiday or sick pay or rights concerning unfair dismissal. Ollie, a door-to-door sales consultant, for example explained his employment in the following terms:

The only contract where we actually discussed the conditions of the job was a contract saying I have to be honest with the customers, I can't go to work intoxicated, stuff like that. I had to sign that before I could start. The rest of the job is up to me to organise.

Molly, the tour guide and hospitality worker, noted in similar terms that 'all jobs in the industry are casual—in fact, I don't know of anyone who has a permanent job working in tourism in Cairns'. This acknowledgement does not mean happy acceptance. Molly

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commented that the insecurity of working in the industry and the 'ruthlessness of the bosses' depressed her.

Clearly there is widespread acceptance of non-standard work and indeed some workers who prefer it. Equally, it needs to be recognised that the emergence of this form of employment is not, primarily, a result of workers' preferences. When pressed they often expressed concerns about its desirability and many positively disliked this type of work. Why then is this form of employment on the rise? This leads to our next finding about the importance of competition and employer practice.

Key finding 3: ***Levels of non-standard employment appear to be rising because increased competitive pressure is forcing firms to cut costs in general and reduce fixed labour overheads in particular.***

Researchers have identified 'cost' to be the primary motivation behind decisions to introduce more flexible forms of labour at the work-site. These researchers argue that atypical work is the natural outcome of the need for greater flexibility. As Wooden states: 'Reduced protection and assistance means increased uncertainty, and the keys to survival under uncertainty are innovative behaviour and flexibility' (1999, p.25). With labour-hire and casual working arrangements, the volume of staff can be adjusted more easily to accommodate changes in demand. The hours of work can also be adjusted from week to week, because the arrangement of work is on a 'non-continuing' basis. Equally, outsourcing has been used as a strategy to cut costs and improve business performance for client companies. Much of the debate within the literature focusses on how best to derive the potential benefits from outsourcing, with the common focus being on cost minimisation (Rothery & Robertson 1995; Graham & Scarborough 1997; Sharpe 1997). This report is not concerned with the relative financial benefits of different outsourcing strategies; however, it is important to identify some key features of the arguments because they are linked to skill development and skill specialisation. All of the case studies of host organisations and intermediaries revealed strong evidence of competitive pressures such as these. These pressures were widely reported to be the driving forces behind reducing labour-related overheads to engage growing proportions of labour on non-standard bases, thereby reducing levels of employer-provided training. Two of the clearest cases were the outsourcing arrangements involving the hospital and the labour-hire arrangements associated with the shipyard.

Case study summary 1: The hospital

The hospital and the relevant regional health services were seeking to cut costs, and invest more money into its area of specialisation—patient care. As part of its implementation of a policy of exposing service provision to market contestability, the hospital decided that outsourcing 'non-specialised' or 'non-clinical' tasks (catering, cleaning, couriers, garden and ground services, patient transport, security and ward support) would reduce costs. The skills and productivity of directly employed staff could then be enhanced through introduction of a performance management system. As the outsourcing contract administrator for the hospital states *...you are always going to be able to reduce costs by reducing inputs.*

In this case, the hospital specifically earmarked non-clinical functions because they were considered 'low skill'. This would mean that the hospital could leave the training to the outsourced service provider (OSP). As one manager described the roles: *extensive training was not required...only experience and familiarity with the specialist needs of the hospital.* At the time of tendering, the OSP had to identify the training they would provide. However this was not monitored in any ongoing way. At the time of interview, the hospital's contract managers were not aware of the training that was or was not being provided to the staff who now offered many of its services.

Training outcomes
From the perspective of the hospital managers, the OSP had locked itself into such a tight budget in order to win the contract for service delivery that it was unable to devote sufficient resources to staff development, training, service provision or management (other than *management in crisis*). Under the outsourcing regime, the hospital's contract management was restricted to examining the outputs of the service provision (that is, performance results). It was made clear to them they had no business examining the inputs (such as training).

The OSP indicated a strong commitment to training, and aimed to train as many workers as possible at the beginning of the contract cycle. Unfortunately, the OSP argued that the cost of this training could not be maintained in the long-term. Training had not proven to be 'cost effective' and as the OSP stated *we simply cannot afford to sustain training where so many staff are off-line for so long*. To resolve this problem, the OSP had begun using trainees (paid under the national training wage arrangements) to backfill the staff gaps caused by training. Unfortunately, a large number of these trainees had dropped out.

A strong oppositional culture had developed at the hospital in the wake of outsourcing. OSP and the hospital were making genuine attempts to strengthen their relationships and it was hoped the relationship would soon 'settle down'. OSP had made an impressive commitment to training in its first year. The prospect of future training appeared to be severely threatened however, by the harsh financial realities of the budget for service delivery. In their final comments, the OSP suggested that *given the realities of the extremely tight budget under which we are operating, it is unlikely that we will be able to maintain the current training commitment*.

Case study summary 2: The shipyard

The shipyard case study is also guided by the market imperative model; however, in a very different industry—heavy manufacturing.

In the early days of its operation, the shipyard provided services exclusively to the RAN. It was commercialised as part of a government program of corporatisation in the 1980s. Since that time, the shipyard has experienced a dramatic downturn in demand for its services. In response, the shipyard has scaled down the size of its permanent workforce, to a core of key tradespeople to be supplemented by highly specialised labour-hire workers where necessary or to cover periods of peak demand.

By comparison with the hospital case study the shipyard took a radically different approach to the labour-hire/outsourcing relationship. As a manager stated: *the shipyard sought to build longer-term, preferential relationships with specific labour suppliers who understand the shipyard's needs*. The shipyard did not have the facility or funds to maintain the specialised skills inhouse, yet recognised the need to maintain access to high-quality labour to maintain a 'competitive market advantage'. Although reducing cost was the primary reason for using labour hire, the shipyard argued the importance of relying on a trusted labour-hire supplier, even if that meant paying a premium and not opting for the cheapest labour available.

Training outcomes
There is no doubt that the strategy of downsizing, rationalisation and the extensive use of labour hire had signifcantly reduced the amount of training undertaken at the shipyards. The shipyard had once been a leading training centre in its own right, training hundreds of apprentices in a broad range of trades. It had a comprehensive training centre on site. At the time of site visits, the shipyard employed eighteen apprentices and the training centre had closed.

While on site, we interviewed both management and unions. Neither party accepted that the use of labour hire had directly caused a decline in training commitment. Both saw the use of labour hire as a response to the declining demand for the shipyard's services and a strategy to alleviate the pressing financial concerns of the business. It is important to note that at interview, management reflected on the decision to use labour hire. They reflected that, in hindsight, it may have been possible for the shipyards to form their own group training company, and make use of the extensive training infrastructure on site. This may well have averted the collapse of training that had occurred at the shipyard.

Both of the case studies outlined above are examples of outsourcing decisions motivated by a need to restructure and improve the efficiency of the organisation. Skill development featured at the centre of both outsourcing decisions, but in different ways. The hospital did not wish to pursue skill development in non-clinical areas, and so these areas were outsourced. The shipyard could simply not afford to employ a large volume of highly specialised personnel permanently. The training story in both of these case studies is similar however: neither client nor outsourced provider could actively maintain training in the areas of skill outsourced.

It is important to recognise, however, that the competitive pressures for change do not manifest themselves in a single approach to reducing fixed labour overheads. Non-standard employment is quite heterogeneous. As discussed in the first part of this report the focus of our analysis of non-standard employment has been on three general forms of engagement: casual employment, engagement under outsourcing arrangements and engagement through labour-hire companies. The case studies and life histories revealed that the reduction in fixed labour overheads by these means arose because of a concern to achieve any one or a combination of the following cost related outcomes.

- *Cost-effectiveness.* The great virtue of casual workers is that they cost a little more than standard workers, yet they receive none of the key entitlements such as holiday and sick pay, and most importantly, rights to fair treatment on termination. Examples of these considerations were evident in the life histories of the door-to-door sales 'consultant' (Ollie), the two casuals from the tourism and hospitality industry (Molly and Shane), casuals in child and aged care (Lisa and Kristine) and amongst blue collar labourers (Craig and Col). The use of labour hire is seen as cost-effective because client firms do not have to cover as many labour overheads such as workers' compensation, superannuation, other entitlements, costs associated with recruitment and, of course, training. Outsourcing is often seen similarly, with the added consideration that the outsourced service provider may also be able to realise economies of scale or experience. As Nathan, an outsourced IT worker from a bank put it: *the bank is out to cut costs as much as possible, and it is a lot harder [now] to get anything [like training] through [since the outsourcing].*
- *Use of non-standard modes of engagement means outsourcing labour management or 'It's not my problem'.* Firms relying on labour hire or outsourcing often commented that under these arrangements, labour ceases to be their problem. Even if outsourcing or labour hire is not strictly cheaper than direct employment or insourcing it is more attractive because many clients believe they no longer have to spend time or resources on labour needs, problems or issues—training, skills adequacy, attitude, commitment, costs associated with turnover including redundancy, unfair dismissal liability and recruitment. This was noted by workers from banking (Amy, Nathan), tourism (Shane) and public administration (Jessica). If labour-hire labour fails to perform or meet expectations, clients believe they can simply insist that the supplier provide better labour or they can change labour supplier. It also follows from this rationale that client firms do not tend to regard the training or skills of labour-hire or outsourced labour as their problem. This was particularly evident among blue-collar labour-hire workers (see for example Rob and Col).
- *Change facilitation.* In many cases organisations have used the introduction of labour hire or outsourcing (or the threat of labour hire or outsourcing) as a means of encouraging employee acceptance of changes to work practices, work organisation and work culture

and attitudes. This may or may not have implications for training. Where associated with a formal change process, training in new systems and methods is required; however, where the desired change is largely cultural, organisations are typically seeking to implement change through persuasion or 'osmosis'. Outsourcing appeared to be the mechanism used to achieve this in the bank at which the outsourced IT workers previously worked. In manufacturing outsourcing through labour hire appeared to be the preferred mechanism (see, for example, Col's life history).

- *Flexibility*. Employers will often choose to engage workers on a casual basis to enhance the working time and numerical flexibility of their labour force. With a proportion, perhaps a significant proportion, of employees engaged casually, managers can more easily cope with fluctuations in demand by bringing staff on and off work as needed. The capacity to bring in labour at short notice to cover peaks in demand is also one of the major motivations for the use of 'flexible' labour provided by labour-hire firms. The labour-hire worker is, however, often not familiar with the work process at the client organisation. As Jim, the sheet metal worker, noted: it is an operating principle of many labour-hire firms he had worked with that 'when in doubt, send anyone out.' This causes problems because clients expect that labour will be sufficiently skilled and experienced to 'walk into the job'. Similarly, although outsourcing is generally less flexible than in-house service provision, client organisations will expect (and contractually demand) that outsourced labour will be able to provide the service without any organisation-provided training. The case study of catering outsourcing from the hospital provided clear evidence of this type of situation.
- *Cover occasional skill shortages*. Particularly where organisations have downsized or rationalised, skills that may have been in only periodic demand may have been lost. When work requiring those skills comes on line organisations seek to hire in those skills. Dynamics such as these appear to account for much of Jessica's work history to date. Alternatively, if the job can be separated from other operations, the organisation might outsource the performance of the whole job or project. This arrangement appears to be particularly widespread amongst organisations requiring IT services.

Key finding 4: ***Reducing fixed labour overheads is not simply a matter of increasing efficiency, it often involves shifting costs and risks onto the weakest party in an employment situation.***

While there is general agreement that increased competitive pressure is precipitating initiatives to reduce labour overheads, researchers differ as to the nature of the dynamics at work. Writers such as Wooden (1999) regard it as a quasi-technical issue necessitated by economic realities. A growing group of labour market researchers, however, argue that while change of this type is inevitable, the form it takes is not. These researchers have shown that the greater use of atypical employment cannot be explained by cost-reduction strategies alone. Employers are also interested in transferring the risks associated with the work to other parties (outsourced providers and individual workers).

Collins, for example, argues that workers on limited contracts (independent and dependent contractors, labour-hire workers, outsourced workers and in some cases, casuals) share a common experience (1990). All of these workers are employed on a 'task performance' basis. This does not mean that the employment relationship cannot extend beyond a specific task; however, it does mean that workers are initially engaged for a specific set of tasks. There is no legally documented expectation of further employment with a specific employer.

Here the contract identifies a precise task to be performed in return for remuneration fixed in advance. By linking payment to the successful completion of the job, the contract places the standard risks (the risk that the employee will not work diligently or carefully, the risk of unforeseen contingencies which hamper the completion of designated tasks, and the risk of the unavailability of work) upon the worker (Collins 1990, pp.362–3).

In this scenario, the notion of employment rights (leave entitlements, career development and training) becomes less relevant, because these rights become the responsibility of the employee.

The growth of labour hire in Australia and overseas can also be explained by employers' desire to avoid the obligations and regulations governing more direct forms of employment. Gonos describes labour-hire operators as 'intermediaries' because they mediate an indirect employment relationship (1997). Gonos disputes that growth in atypical employment can be explained by 'overwhelming and uncontrollable market forces' (Gonos 1997, p.104). He argues that labour hire is not necessarily attractive to employers because of lower cost, but because it alleviates them of the responsibility of labour management. In this scenario, all of the responsibilities traditionally associated with managing labour—pay, performance management and productivity, career management, training—become the responsibility of the labour-hire firm or the individual worker. The 'employer' or client firm has no direct obligation to the actual worker. In this model, the possibility of employer-funded training appears remote.

As we have already discussed in previous sections, casual workers appear to have less access to training than do permanent workers. As noted in the previous section, casual work has been on the increase since the 1980s. There is a body of research suggesting that the use of casual work now goes beyond the need to meet 'seasonal flexibility'. Casual labour is on the increase because it offers employers a way to avoid the perceived burdens associated with traditional/permanent employment relationships. To begin with, the separation between employment categories is being blurred in an unprecedented way. Labour-hire firms and outsourced services providers employ different proportions of their workforces on a casual, permanent, temporary basis. Campbell also shows that casual work can no longer be considered 'temporary' in the sense of 'time served' (1998). A growing number of casuals work for the same employer or intermediary for a long period of time (in some cases several years). This begs the question: if workers are engaged with the expectation of ongoing employment, then why are employers electing to employ them under a 'casual' arrangement?

Our field work confirmed the relevance of insights such as those provided by Collins (1990), Gonos (1997) and Campbell (1998). Indeed, it provides overwhelming evidence that rising levels of non-standard employment reduce labour overheads by shifting the risks and costs of increased competitiveness on to the weakest parties involved in an employment situation. Some illustrative findings in this regard are provided in the life history material summarised in case study summary 3.

The first of these concerns a situation where a bank outsourced an allegedly 'non-core' IT function (along with relevant employees) to an outsourced provider. The bank made it clear to the affected employees that it intended taking no further responsibility for these workers. For those employees who chose to remain bank employees—career development and training ceased. The employees who decided to transfer their employment to the outsourced provider faced different challenges. The outsourced provider, working in a highly competitive environment appeared to offer basic training, but not advanced training opportunities. The common experience shared by all of the employees is the need for the individual to take more initiative and responsibility with regard to training. Similar outcomes arise for 'permanent casuals' in the child care industry. An illustration of the predicament facing such workers is provided in case study summary 4.

Case study summary 3: Shifting risks to employees: the outsourced bank employees

Amy, Nathan and Mary work in the field of information technology. Nathan is in his mid-thirties and is a database administrator. Amy is in her early thirties and works in IT multi-media, including graphic design and desktop publishing. Mary is in her mid-twenties and works as an information service officer.

Two years ago, Amy, Nathan and Mary were all employees of a savings bank. The bank decided to outsource its IT functions (and employees) to a bank service provider (BSP). The bank gave the 1500 employees affected the option to remain bank employees, or become BSP employees. Nathan and Amy decided to remain bank employees and work as secondees to the BSP. Mary decided to become a BSP employee, and at the time of interview, had been with the BSP for two years.

Amy, Nathan and Mary all argue that the bank made it clear that the employment relationship would change, as a result of the outsourcing arrangement. For those who chose to remain as bank employees, they would have 'no future'. Despite this, Amy and Nathan decided to 'take their chances' and remain with the bank because they were concerned about future job security with the BSP.

At the time, bank management said to us who stayed 'your career will be nothing'. If you stay you will not be getting any further training…I had a promotion in line before BSP came on the scene, and I didn't get that. I got no training in the 2 years I was seconded to BSP. Trying to get anything out of HR was like getting blood out of a stone (Amy).

The bank made it clear that if we chose to stay, there would be no chance of getting a promotion and no training, and no future…they have used a combination of direct and indirect tactics to make it clear that we should not expect to have any future with the bank (Nathan)

Amy and Nathan, as secondees to the BSP, argued that the situation of 'working for two companies' simultaneously made their employment position very ambiguous. As secondees, they were not able to access career advancement in the BSP, however they were also excluded from the performance management system at the bank (despite the fact that they were still bank employees). Amy became increasingly frustrated and asked her bank manager to write to BSP to clarify why her career was 'at a standstill'.

My manager wrote to BSP and they said 'well, we don't pay your salary, so it is not our concern', the bank said 'we can't give you a promotion because you don't have any performance indicators'.

The ambiguous employment relationship also created problems in accessing training.

The only training I had access to at BSP was on-line training—this is computer-based and involves sitting at a desk and reading. The bank washed their hands of us, took us out of the incentive structure, we had no targets or anything to meet (Amy).

Since the outsourcing, the bank has reduced its training (Nathan).

Mary, who decided to leave the bank and become a BSP employee directly told a slightly different story.

BSP offers heaps of opportunities for self-paced learning—Word and Excel…the only small thing I would say is different is that the responsibility is a bit more on the individual to take the initiative with training. It is mostly in-house training, and you really have to be looking around for what you want and put the case forward yourself.

It is interesting to note that the differences in Mary's and Amy's attitudes may be attributable to their respective stages of their careers. Mary is at a much earlier stage in her career, so on-line training seems a bonus. Amy, who had more sophisticated training needs, was frustrated by the lack of access to appropriate off-site training.

Case study summary 4: Shifting risks to employees: permanent casuals in child care

Some instances of casual work can be used as a way to avoid the perceived burdens of the more formal 'permanent' working relationship. As the case study below demonstrates, the terms and conditions of casual work can create some problems from the point of view of the employee wanting to access training.

Lisa applied for a job as a 'permanent casual' worker, in a child care centre in Brisbane. It was a condition of employment that she sign an Australian Workplace Agreement (AWA). Lisa stated that the AWA outlined the weekly work to be between 32 and 38 hours, with no provision for sick leave, holiday leave or training contained in the agreement. At interview, the manager of the centre stated that Lisa could expect ongoing employment; however, it was not legally defined as a 'permanent' job. There is no provision for training anywhere in the agreement. The centre director advised staff that employees are expected to attend training courses and workshops in their own time. The centre is prepared to organise rosters so that employees can attend training (take an unpaid day off). Training is not to occur during work time. The centre is not prepared to meet registration or attendance costs for the course.

In staff meetings the director will tell us about the courses she thinks we should go to, and the ones she would like us to go to. The centre wouldn't pay for any of it of course, we are expected to pay.

We have already been told we are expected to attend this course about safety practices on the weekend and perhaps the evening, and that we won't be paid for it. Although we've been told it is compulsory for us to attend.

Key finding 5: ***The extent to which costs and/or risks are shifted to workers depends on their labour market position and how stable/durable relations are between the parties.***

It is important to recognise that not all situations involving non-standard employment necessarily result in the costs and risks of employment being shifted entirely onto the workers involved. There is very little research available which looks closely at these issues. Writers such as Gallimore and Lewer have attempted to account for different outcomes on the basis of a consideration of the nature of the work concerned. The starting point for their analysis is the distinction between 'core' and 'peripheral' competencies, and that outsourcing decisions should be based around this separation. In this argument, competitive advantage can be achieved through specialisation and the retention of 'core' activities, and the outsourcing of non-core functions. As Gallimore & Lewer argue '...the effect of contracting-out on skill formation may turn on those activities which are outsourced' (1999). This rationale explains the significant growth in IT outsourcing that has occurred in the last decade. Information technology in some form is used by most businesses, yet it is not the core business of area of specialisation.

Table 19: Gallimore and Lewer typology

Knowledge	Task frequency	
	High	Low
General	Vendor develops employee skills to remain competitive	Little investment in skills development
Specific	Both outsourcer and vendor share in skill development	Outsourcer develops core staff skills

Source: Gallimore and Lewer 1999.

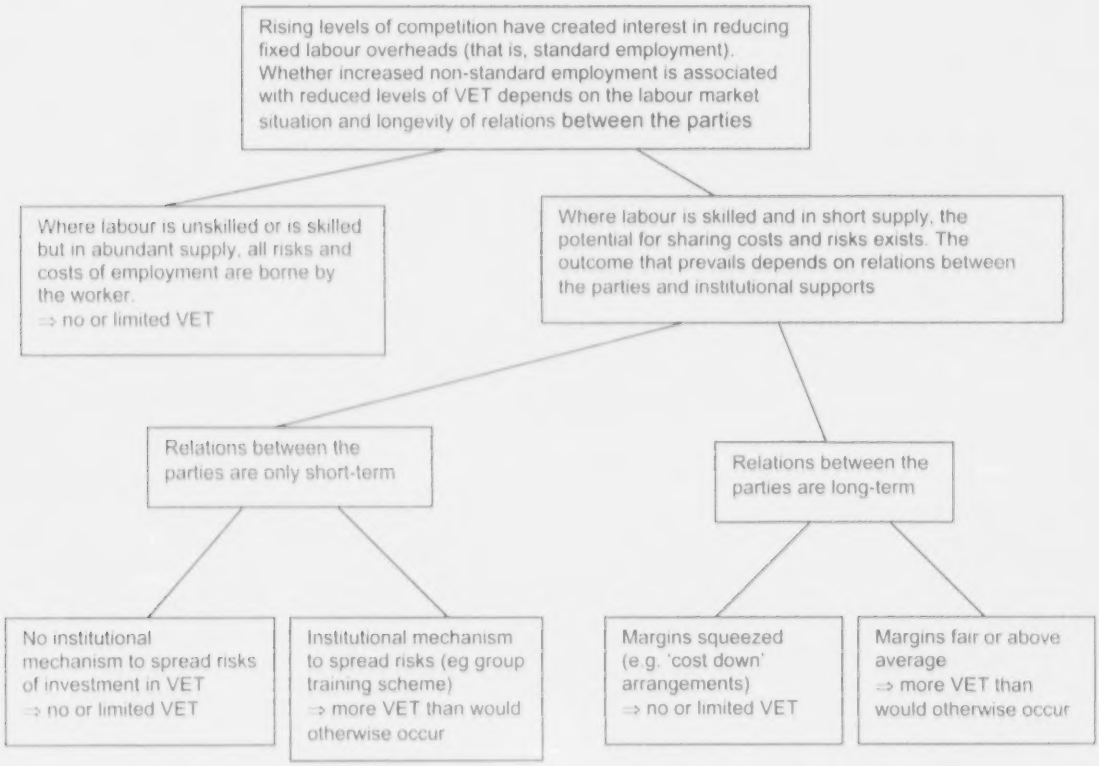
Gallimore and Lewer also argue that the impact of outsourcing on skill formation may depend on the activities being outsourced. Their typology identifies the level of knowledge associated with a task, and the frequency of the task, as being critical to the formation of a training partnership between the vendor and the outsourcer. For Gallimore and Lewer, skill formation is most likely to occur when a vendor can provide specialist knowledge and a strategic partnership can be formed between vendor and outsourcer. We perceive a number of problems with this hypothesis.

Firstly, the concept of knowledge and skill are used interchangeably, and the notion of general versus specific knowledge is not well-defined. This model also focusses on cost-driven decision-making processes within and between organisations, and does not

acknowledge the role of labour market factors (level of demand for specific skills and the wide degree of variation across occupations). Their argument also implies that there are already strong incentives for outsourcers to invest in training and staff development, as this forms part of a market competitive strategy. The evidence from our case studies suggests the opposite is true.

Our field work revealed that the outcomes, especially for training, of rising levels of non-standard employment depends on both the level of skills involved and their relative abundance. In addition, the longevity of relations between the parties and institutional support surrounding them appear, in conjunction with labour market setting, to account for the VET outcomes that are associated with non-standard employment. These issues are examined in the next two sections. Figure 4 provides a diagrammatic summary or model of the links between non-standard employment and who bears the burden of providing VET.

Figure 4: Understanding the links between non-standard employment and VET


Rising levels of competition have created interest in reducing fixed labour overheads (that is, standard employment). Whether increased non-standard employment is associated with reduced levels of VET depends on the labour market situation and longevity of relations between the parties
Where labour is unskilled or is skilled but in abundant supply, all risks and costs of employment are borne by the worker.
⇒ no or limited VET
Where labour is skilled and in short supply, the potential for sharing costs and risks exists. The outcome that prevails depends on relations between the parties and institutional supports
Relations between the parties are only short-term
Relations between the parties are long-term
No institutional mechanism to spread risks of investment in VET
⇒ no or limited VET
Institutional mechanism to spread risks (eg group training scheme)
⇒ more VET than would otherwise occur
Margins squeezed (e.g. 'cost down' arrangements)
⇒ no or limited VET
Margins fair or above average
⇒ more VET than would otherwise occur

Key finding 6: The importance of the level and abundance of skills concerned

Arguably the person receiving least training of all the workers we interviewed was Ollie, the door-to-door sales 'consultant'. He works in a labour market where the perceived skills requirements are limited and where there are a large numbers of people prepared to do the job. Consequently little training beyond basic induction is provided by the employer and he felt little need to undertake any training himself for his current job. The experience of Shane, the hospitality worker (primarily in a call centres) was similar. The jobs he had worked in were low-skilled and no shortage of potential workers meant employers did not need to provide much incentive to keep people. But low employer involvement in training is not confined to low-skill occupations. The case study of the shipyard showed that workers with

extremely high levels of technical skills were required. The abundance of such people clearly limited the pressure on employers and labour-hire firms to do anything about providing VET for non-standard workers in the industry.

The situation of no, or limited employer involvement in VET was particularly stark in the training of semi-skilled workers. In making sense of the experience of Lisa, the child care worker, we need to reflect on the labour market context in which she works. Clearly there are many young women interested in working in this industry. Recent closures of child care centres arising from cut-backs in government support for this service have only further intensified a situation of chronic labour surplus. Under these conditions it is possible for the employer to simultaneously stipulate that inservice training is compulsory and make no financial contribution to their workers' participation in such training. The cases of Craig from the construction industry and Molly from tourism/hospitality are also instructive and are outlined in case study summaries 5 and 6. Craig's case reveals just how active many non-trades-level workers are in acquiring the certification they need to practise in their industry.

Craig is of particular interest because of his subsequent acquisition of tertiary qualifications in occupational health and safety. Molly's account of 'slave-ing' in the Cairns tour boat industry is spine-chilling. Not only do workers have to work for nothing for long periods to acquire the necessary skills to operate in the industry, they are often forced to conduct social security fraud to survive while undertaking this 'workplace-based form of VET.' The theme of illegality in the low-skilled end of the labour market for non-standard workers was also alluded to by Jim, the labour-hire metal worker. He noted that one of the problems with the industry was that *it was full of backpackers ... kids who are prepared to work for anything just to get some cash.* He argued that, as a result, some casuals did not want to become permanent even when they were entitled to be offered permanent positions. For Jim this meant that there would always be a steady supply of workers who would be prepared to be exploited. Under conditions such as these there is no labour market pressure on employers or intermediary organisations to think about, let alone contribute to, vocational education and training.

Case study summary 5: The unofficial traineeship—or 'slave-ing'

Molly works as a 'hostie' and dive controller on the Barrier Reef working primarily on tour boats. She describes her job as 'a bit of everything' from managing staff, supervising people snorkelling on the reef, ordering stock, organising lunches for customers.

There is no traineeship in the industry, however Molly completed an 'unofficial traineeship'.

I am qualified (by international standards) as an assistant diving instructor. Everyone knows about these unofficial traineeships in the industry—and they are generally known as 'slave-ing'. It is a bit of a joke really, but when you think about it, it is not all that funny. You work for free on a boat, in return for training. You have to pay all expenses and equipment necessary to complete the training, with the exception of the instructor's time.

There are two main scuba-diving organisations in Cairns which you could complete your training with [Names deleted]. The agency insures the dive instructor and masters, however they don't pay for any of your training. You pay for your own manuals and equipment. Some skippers are good, and it doesn't take you long to get the training—they are reasonably fair. Other skippers keep you working for free for ages which is why it is known as slave-ing. The alternative is to do the traineeship directly with the scuba school, but that would cost thousands. So, everyone does their training with the company of their choice. You get trained by their instructor for part of the time, but you spend most of the time just working for them (for free). Everyone usually stays on the dole while they are doing it because you have to live. You lie to the dole office because they would throw you off because you are not actually looking for work.

I completed my traineeship with one company, but worked for another company. There is one company, called [name deleted]—this is where I did my training. On [name deleted], the entire paid crew consists of only two people—the skipper and the instructor. The boat actually has a big staff—it's just that none of them are paid. There is no budget for staff and payroll, because they just don't come into it.

My actual employer [Name deleted], (who I do paid work for) could have done my training but it just wasn't working out. Although the skipper agreed to it, I never actually got time for training, because I was always working, and work always took priority over training. Everyone is casual, and staff are constantly moving around. On [name deleted], I know of only two people on the boat who were permanent ongoing employees—and they were in managerial roles—they did the hiring and firing and the operational stuff.

Case study summary 6: A lifetime of non-permanent work

Craig is 45 years old, and has never held a permanent job. All of the training that Craig has undertaken throughout his working life, has been self-funded. He holds:

- a dogman's certificate: co-ordination and direction of cranes on major construction sites
- a scaffold certificate: co-ordination and direction of scaffold construction for major construction projects
- a rigger certificate: co-ordination of steel structures in use at major construction projects
- a heavy vehicle truck certificate: driving and operation of large trucks
- an Associate Diploma in Occupational Health and Safety
- accreditation as an OHS management systems auditor

On leaving school, Craig started work on construction sites as a labourer. In the late 1970s, and early 1980s, Craig wanted to improve his job opportunities in the construction industry.

Because all of my jobs were casual, I really had to initiate the training myself, the employer didn't provide any of it. Some of the certificates required workplace experience, but a lot of it I did in my own time, outside of work.

With these qualifications, Craig never experienced difficulties finding work and was regularly employed throughout this period.

It reflected a type of attitude or era in the labour market at that time. Employers were very keen on the concept of a broad base of skills. You wouldn't do just one job, they wanted you to have a lot of skills and be able to be multi-skilled. The emphasis was on you, to get trained up, seek out the opportunities and see if you could cut the mustard, so to speak.

By the end of the 1980s, Craig began feeling the effects of the recession in the construction industry. Craig enrolled in an Associate Diploma in Occupational Health and Safety at RMIT on a full-time basis, doing casual work on a part-time basis. After completion of the degree, Craig worked in a range of contract positions, and for a time, was self-employed.

In late 1997, Craig applied for a job with a large NSW Government authority, as an occupational health and safety project manager. It was a limited-term job as a casual employee. At the time of interview, Craig was still employed with this authority, however his future was 'up in the air'. *This is now the third time that I have been extended. The authority has just advertised my job. I am not sure why they have done this, and it has knocked me around a bit.*

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At the time of interview, Craig had just applied for a job with another NSW government authority, in the field of policy development and advice. *I am getting to the stage now where I want a permanent job. My entire working life has been as a casual, and at this stage in my life I want a bit more security.*

Key finding 7: ***Even where skilled labour is in short supply, the extent to which VET costs are shared varies depending on the longevity of relations between the parties, and the existence of institutional mechanisms to facilitate it.***

The *nature* of the relationship between the client and outsourced/labour-hire provider are also debated within the literature. There is evidence to suggest that longer-term relationships are the most 'successful' because both parties achieve a more developed understanding of the expectations and how to achieve desired outcomes. Gallimore and Lewer describe this as a 'strategic partnership between vendor and outsourcer' (1999). As Domberger states: 'Contracting appears to yield greatest benefits when it combines market discipline with longer-term, cooperative relationships' (1998, p.3). From the evidence of our case studies, this rule also appears to apply to training where both parties have a commitment to longer-term outcomes. From the point of view of the outsourced service provider or labour-hire company, they are more likely to invest in training because they see some longevity in the relationship. A good example of this type of situation is that of the local council call centre case study.

The key features of this arrangement are summarised in case study summary 7.

Case study summary 7: Local council call centre

In the early 1990s, the Local Council became aware of customer dissatisfaction with the level of service provided through a number of council agencies and departments. After a review process, the council mayor decided to establish a call centre that would operate as a business entity and be a service provider for one client—the Council.

The Local Council Call Centre is an example of an outsourced provider, which has maintained a close connection to the client employer. Although the centre operates on a user-pays basis, and is developing opportunities to attract commercial business, it is not a typical 'outsourced provider'. The call centre has maintained consistency with the council's terms and conditions of employment. For example, the majority of staff are permanent (80 per cent), the occupational structure has been retained (with an additional level of 'call centre consultant' added) and staff have access to a training and development plan. All of the 170 call centre staff had received 8 weeks of call centre-specific training. Staff also have development opportunities which will facilitate their movement to other parts of the council's operation (that is, training that is not specific to call centre work). At the time of interview, the learning and development officer for the call centre planned to submit the training program to the VETEC for national accreditation.

The performance of the call centre is closely monitored by the Local Council. Staff are required to meet performance targets in order to move forward (annually) through the pay increments of particular occupational bands. The speed taken to answer the call, the rate of call abandonment and the level of customer satisfaction all form part of the key performance indicators of the call centre. The approach appears to be successful for the call centre, the staff and the client organisation (the local council). The call centre has a staff turnover rate of less than 1 per cent, and has progressively met all of Local Council's required targets since its establishment in 1996.

But the fact of ongoing relations is no guarantee that any, let alone all of the parties involved in an employment situation will actively contribute to VET or skill development more generally. We saw earlier the situation prevailing in the hospital. One of the key problems

there concerned the squeeze on the margins of the outsourced services provider. In this case, the contract ran for several years. Even so, the price paid by the hospital purchasing services left no resources for longer-term investments such as training. Problems of this nature are endemic in particular industries, such as car production. In this sector, component suppliers to the large car assemblers regularly complain of the problem of what are referred to as 'cost downs.' These are arrangements where, even though the potential for longer-term planning exists because supply contracts can run for three years or longer, clauses specifying that the price of components supplied will drop every year by between 4 and 5 per cent which leaves no surplus for activities like training.

Given that problems of this nature occur in situations involving long-term arrangements, it is of little surprise that in several of the cases examined, organisations complained of short-term contracts limiting their capacity to actively contribute to VET activities. A good example of this is provided by our study of Telco Labour Hire, key features of which are outlined in case study summary 8.

Case study summary 8: Telco Labour Hire

Telco Labour Hire is a labour-hire company operating in a relatively hi-tech, high skill and specialised labour market—telecommunications. Telco was initially established as a provider of supplementary labour; however, they consciously moved into full project management of discrete contracts.

Telco acknowledges that the competitiveness of telecommunications contracts and the contract labour environment generally make it difficult for the organisation to justify expenditure on training. As a supplier of supplementary labour, it facilitated relatively little training. As Telco moved into project management work it has been able to justify the funding of training in a few instances. The most successful of these ventures are the 'bridging' or 'refresher' courses for near-fit candidates and training to overcome significant skill shortages for designated projects. Telco argues that the uncertainty of short-term contracts is the single biggest obstacle to their involvement in training. It is difficult for Telco to recoup the cost of training expenditure for a six-month contract and no guarantee of further work.

If they (the clients) are prepared to give us contracts of a two-to-three-year length, then we are there, we would finance some of the training. At the moment we just cannot get contracts long enough to justify the expense for us.

Telco appears to be very aware of the dilemma they face in the long-term.

We are in a position where we are benefiting from the big training budgets of the government offices. Now the government departments are not training with the large budgets they once had, and are outsourcing so much. Labour hire is faced with a big problem as to how to find the skills required. We could be facing a chronic technical skills shortage down the track.

It is interesting to note that Telco reported that it did not contribute much to training in its capacity as a labour-hire company. As a project management firm, however, it did occasionally make such a contribution. Clearly having control over several aspects of the production process contributed to their ability to contribute to training. But even this contribution was modest (that is, 'near-fit' training) and its value should not be over-estimated.

Arguably the most interesting cases we came across involved innovative intermediary organisations providing brokering services that shared risks in a way that resulted in a higher level of training than would occur if the agents involved were merely left to make decisions on their own. The case of Icon provides a good example of this type of arrangement in operation in the rapidly expanding IT sector. The essence of this training initiative was that it

built on a pre-existing base of skills and facilitated the sharing of costs associated with their further development.

Case study summary 9: Icon

Icon recruitment represents an excellent example of a highly innovative approach to labour hire that has succeeded in blending training and the provision of contract labour to commercial clients. Originally an IT recruitment company, Icon was acquired by Adecco (the world's largest labour-hire multinational) in 1997 and has since further developed its business of placing IT professionals with client organisations on short to medium term contracts.

Icon's strategy is pro-active and seeks to anticipate future areas of skill shortage in the IT labour market. Firstly, emerging labour market needs are identified (on the basis of expressed client demands). Secondly, Icon recruits near-suitable candidates (where ideal candidates are in short supply). Icon then facilitates the training of these candidates to a job-ready level. Finally, Icon places 'graduates' with clients for a fee.

The success of this arrangement can be explained by a number of factors. The fee structure and the relatively high rates that can be commanded for IT professionals in demand allows Icon to recoup the costs of training provision. From the employees' point of view, the high rates of pay commanded means that candidates are prepared to temporarily accept a lower-than-full-market rate in order to access training. From the client organisation's perspective, skills are in such high demand, that clients are prepared to pay a premium even when a professional has only been trained recently.

Arguably a more impressive arrangement came from the construction industry. Comet Training has been fully operational for three years. It is a joint employer—a government–union venture—that builds training into the production process. In an industry characterised by low trust and high fragmentation, it provides an excellent example of what is possible in situation of short-term contracting.

Case study summary 10: Comet

Comet is an innovative training provider which has managed to develop a high degree of trust and co-operation with unions and labour-hire operators. It is impressive that Comet has achieved this in an industry characterised by adversarial relations—the construction industry.

Comet was established 3 years ago by the CFMEU and the Master Builders' Association. The construction industry has a high (and growing) proportion of contractors. The short-term nature of many contracts means that contractors do not generally give consideration to training issues or training provision. Managers, unions and industry body representatives were becoming increasingly concerned about the long-term implications for safety on site. As a Comet manager states: *The Comet initiative was based on the belief that recognition of skills needs and training could not simply left up to contractors in the industry.*

Comet's successful formula has a number of ingredients. The organisation develops a training calendar, mapped against the construction process, identifying upcoming areas of skill need. Comet works in collaboration with employing head contractors, project managers, group training companies and TAFE. As areas of skill need are identified for particular projects, Comet facilitates and organises the essential training required by the employer. Comet ensures that recruits receive comprehensive entry-level training, in return for indentured positions with specific employers. This gives the new entrants to the industry some job security, and provides employers with a 'job-ready'

worker. Unions support the arrangement because it does not undermine the existing conditions of those already working in the industry, and helps to maintain acceptable OH & S standards on site.

Comet was not the only initiative of its type we came across. While it operates in an industry plagued with short-term contracts, many of the skills required are of a high level and expensive to acquire if they are in short supply. Replicating its success is harder to achieve for workers at the lower end of the labour market. The people associated with Career WorkKeys (CWK) are actively trying to provide a similar style of service for such employees. While they have had considerable success in their labour-hire activities, to date they have made only limited gains in upgrading the skills of these workers. Its story is summarised in the case study summary 11.

Case study summary 11: CWK—community-based labour hire

Career Work Keys (CWK) commenced operations in February 1998, and delivers labour-hire services to the central coast of New South Wales area. The central coast has high unemployment, a high proportion of service workers and a high proportion of young people. CWK operates like any other labour-hire firm; however, it receives subsidies from non-profit organisations and the local government to support its activities. CWK is currently trying to generate strong employment growth in order to finance development of the skills and education of its employees. The organisation has a specific charter guiding its operations:

- to enhance the quality and value of part time and casual workers
- to enhance the quality and skill level of part time and casual workers
- to ensure the greater employment security of workers

CWK takes responsibility for all aspects of the employment relationship and entitlements; for example, payroll, workers' compensation and other paper work. Unlike other labour-hire operators, CWK emerged from a community desire to alleviate unemployment, and has a number of 'social aspects' to its activities. These tasks do not generate profit, and are considered separately to the commercial activities of the business.

Despite training being featured as one of the operation's central objectives, training is underdeveloped in the organisation. CWK originally envisaged brokering or facilitating a program of training for each of the individual workers in the labour pool, with ongoing assessments of the skill development of each person, with assistance from the host employer. Eighteen months after its inception, CWK recognises that it has not been able to achieve their training objectives. The organisation has identified a number of obstacles:

- CWK is operating in one of the most difficult sectors of the labour market: most of the work offered is unskilled or minimum skill level. There is no incentive for the employer to want or need training.
- CWK stresses that it has 'brokered' training where the opportunity has become available. For example, where a construction company has required a person accredited to a certain level, CWK negotiated a deal for the employer to pay for a 'near-fit' candidate to receive the appropriate training.
- The leaking of the labour pool undermines the commercial viability of the organisation.

  ...the labour flow problem, to have a pool of people trained and waiting for a job—we can't hold people—they will find permanent work and move on. In fact, if someone finds a permanent job we consider that a success.

At the time of interview CWK described the situation as being at a 'turning point'. CWK needed to decide whether to continue with low-skill placements for a reliable income, or to branch into areas of skill specialisation.

It is the high demand for low skill positions that keeps us in business; it is a steady flow of work and helps us to finance the fulfilment of our social objectives. Stacking cartons, crushing cardboard boxes, fence painting—OK, we don't consider these ideal jobs but at least they are keeping someone in work. The time may come when we have to consider targeting particular industries because that maybe the only way we can become involved in areas requiring more training.

Skills which are able to fetch high prices are more likely to be of interest to labour-hire operators and outsourced providers because they are able to skim a significant cut from the act of negotiating/facilitating training. Lower-skill areas are perceived to be less attractive. CWK specifically targets this area of the labour market, and acknowledges it has not been able to achieve its goal of training workers in its labour pool.

An innovative intermediary sitting between the Comet and CWK in terms of success has been AIG Training Services. It has had considerable success in getting trainees up and operating in an industry still characterised by day labour, namely meat processing. On the other hand, its initiatives in the area of promoting engineering apprenticeships within the labour-hire industry had, at the time of the field work, met with only limited success. While 20 apprentices had been put through a six months pre-apprenticeship program, only seven had been placed at time of interview. Basic details of this operation are provided in case study summary 12.

Case study summary 12: Australian Industry Group (AIG) training

AIG Training Services (AIGTS) is an industry training centre with an innovative approach to training provision. The centre is operated by the Australian Industry Group, the peak employer association and is designed to provide training, advice and services to the group's members. AIGTS currently has 230 apprentices in a wide range of fields (office administration, engineering, electrical and meat processing).

The AIGTS recognises that labour hire is having a detrimental effect on the number and quality of apprenticeships. However, they also recognise that there are very few incentives for labour-hire operators who wish to be active training partners. Some of the AIGTS strategies to date include:

- raising funds of $200 000 to pilot an apprenticeship scheme for labour-hire companies
- assisting labour-hire operaters with the development of medium-to-long-term skill strategies
- facilitating and assisting trainees to receive the appropriate induction training, so that employers have job-ready employees. Labour-hire companies are also assisted by avoiding the risks usually associated with entry-level training
- co-ordinating training agreements with organisations which have outsourced employees. The AIGTS has worked with a meat processing company to ensure that outsourced service providers could provide training and apprenticeship opportunities for staff

The strength of this organisation is that it provides brokerage services which allow firms and/or industries to have their training needs met with the assistance of support available from State Governments and the Federal Government.

Finally, it is worth remembering that the notion of a coherent trade, vocation or profession also appears to provide a basis around which skills can be acquired and deepened. Jessica,

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the organisational psychologist, and Helena, the highly qualified nurse provide excellent examples of this phenomenon at work. Both had acquired core foundation skills and systematically strengthened them over time. While no employer or labour market intermediary had assisted them to acquire these skills, both these workers also had other resources, primarily personal characteristics and labour market location, which enabled them to increase their education and training. The first of these were the life choices and attitudes of these workers. Jessica, for example, always feels more comfortable 'just outside her comfort zone' and Helena felt her life had no particular plan to it, yet she still 'felt happy with the choices she has made'. Secondly, these workers never had expectations that they would receive any assistance with their own training so therefore were prepared for the investment they would have to make. Finally, both Jessica and Helena operated in fields in which their skills were in high demand. Neither of these workers had experienced long stretches of unemployment, and both expected they would always have work. This put them in a strong financial position to be able to fund their own training and development. Many of the other workers interviewed for this project lack all of these characteristics.

Conclusion

The key findings from the field work can be summarised in the following terms:

- When examining education and training issues associated with non-standard employment most attention focussed on induction and 'near-fit' training. None of the employers examined assisted with the acquisition of foundation skills. Where such training occurred it was entirely funded by either individuals or government.
- Many non-standard workers would prefer more ongoing and certain employment.
- Levels of non-standard employment appear to be rising because increased competitive pressure is forcing firms to cut costs in general and reduce fixed labour overheads in particular.
- Reducing fixed labour overheads is not simply a matter of increasing efficiency, it often involves shifting costs and risks onto the weakest party in an employment situation.
- The extent to which costs and/or risks are shifted to workers depends on their labour market position and how stable/durable relations are between the parties.
- Where skills are low and/or in abundance no training will normally be provided; where they are of a higher order and scarce, some training, primarily of a 'near fit' nature, may occur.
- Ultimately the level of training undertaken depends on the longevity of relations between the parties and the existence of institutional mechanisms to facilitate it.

In short, then, even if skills are in short supply there is no guarantee that employers, labour market intermediaries or workers themselves will take (or even share) responsibility for their development. It is only in exceptional circumstances that parties will contribute to the development of skills where non-standard forms of work prevail. From the evidence presented above this appears to take place in those situations where specialised brokering institutions exist or with workers with rare clusters of talent and good labour market prospects enabling them to recoup their training investments. And even here it is important to recognise that the VET often only involves training that is 'near fit' in nature.

Conclusions and options for reform

Conclusions

All forms of non-standard work examined in this project—casual employment, and work under outsourced or labour-hire arrangements—have been growing at a significant rate for some years. Australia has one of the fastest growing rates of casual employment in the OECD. The data and previous studies analysed strongly suggest that employers, rather than employees, are the main drivers of casualisation.

The incidence of outsourcing and the use of labour-hire workers has also been increasing. Between 1989 and 1995 the proportion of all workers engaged as contractors increased by 17.5 per cent and the proportion of agency employees has more than doubled. It is estimated that the total number of workers working for agencies or labour-hire operators could be as high as 100 000. The increase in the use of strategies of outsourcing and labour hire is not simply the result of compositional or structural changes to Australian industry. Rather it is the result of conscious management choices and decisions, and is associated with a new approach to the management of labour resources. The essence of this approach is an emphasis on labour cost-cutting, especially in the form of fixed labour overheads.

The value and virtue of organisations outsourcing and using labour hire remains uncertain. Previous research has revealed considerable doubt as to the quality of service provision under outsourcing arrangements and raised questions as to the longer-term value of labour-hire usage for organisations. Some organisations with experience using labour hire and/or outsourcing report a range of adverse effects including:

- de-skilling of the existing employee profile
- loss of institutional memory
- loss of research and development capacity and loss of problem-solving ability
- loss of in-house capacity for functional flexibility
- loss of quality and control over quality which may be compromising any cost savings associated with the use of labour hire/outsourcing (Gryst 2000)

While non-standard employment has been growing, the incidence of certain types of vocational education and training has been declining. According to ABS data the percentage of Australian employees receiving some training declined between 1993 and 1997—and the decline was most severe for casual employees who have always received less training than permanent employees. Employers' average training expenditure between 1993 and 1996 also fell.

There is considerable evidence that at least part of the decline in training has been associated with the rise of casualisation, outsourcing and labour hire. Certainly, the growth in non-standard work has been associated with a decline in the amount of employer-funded training being offered and undertaken.

Moreover, it is not just the extent of training which has been adversely affected by the growth of non-standard work. The evidence uncovered in the course of the fieldwork conducted for this project also suggests that the balance of the types of training provided has shifted, with adverse consequences for Australian workers and for Australia's skills base.

As casual employment, outsourced arrangements and labour hire have become more common so, too, have employers increasingly restricted their training provision to highly task-specific and job-specific training (what is often referred to as 'near-fit' training). This implies that there may be a serious training deficit emerging with respect to comprehensive trade and vocational training and more generalist training. This may well be a trend that would have developed even in the absence of the growth of non-standard work; however, it has certainly been exacerbated by the growth of non-standard work.

While it is heartening to know that the total number of people 'in training' in Australia is quite high (around 80 per cent), the qualitative fieldwork undertaken for this project provides some depth to the picture of what is involved in much of that training. Employers' growing propensity to invest only in training directly related to their immediate work environment appears to be consistent with a training system devoted to the promotion of New Apprenticeships—training that is geared to workplace-based, flexible delivery, the recognition of prior learning and the attraction of government subsidies payable to employers for taking on 'trainees'. Both employment trends (the growth of non-standard work) and VET policy (New Apprenticeships) appear to be working together to promote task-specific and job-specific training. However, while this may be welcomed, the danger for employees and for the Australian skills stock is that this expansion may be occurring at the expense of more generalist training and comprehensive trade and vocational training. 'Near-fit' training is not the same as a proper education in foundation skills.

Employers, workers and outsourced service providers and labour-hire companies each face different incentives and disincentives to invest in training under conditions where non-standard employment is becoming more common.

Employers tend to outsource functions and the associated labour for cost-effectiveness reasons. Outsourcing is seen to be a way of ensuring the delivery of services for the lowest possible cost. As much as the rhetoric of outsourcing and the formal practice of requesting tenders might emphasise the importance of maintaining the highest standards of quality, the overwhelming emphasis of outsourcing and its principal attraction is the achievement of cost savings. It follows that, if managers outsource to save money and lower labour costs, then there is very little reason for them to want to invest in the training of their now 'outsourced employees'. Employers who choose labour hire may do so for a variety of reasons other than simply cost—convenience, flexibility, access to skills—but the overriding motivation is to divest themselves of much of the management responsibility for at least some of their labour. Labour hire involves not just 'outsourcing labour supply' but outsourcing many of the personnel responsibilities associated with labour management—recruitment, selection, rewards, performance management *and* training and skills development. Managers who choose labour hire are unlikely to see any logic in training labour-hire staff. If they are dissatisfied with their skills and performance, they will chose another labour-hire supplier before they invest in training those workers.

Labour-hire operators and outsourced services providers also have few incentives to train. Many regard their employees (or 'associates' in the parlance of one large labour-hire company) as independent contractors, who are free to work for anyone. Labour-hire managers reason that they may well be unable to recoup any training investment. Perhaps more significant is the role of price competition in the labour-hire industry. Many labour-hire operators we spoke to in the course of this project argued that the industry was becoming

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increasingly competitive and that it was critical to their survival to be highly price-competitive. Labour-hire managers typically say that they would like to be able to support more training. They often recognise that downsizing, restructuring and the proliferation of labour-hire agencies is having an adverse effect on the skills base in many industries; however, they invariably state that they cannot afford to invest in training given the tightness of the margins and the stiffness of the competition in the labour-hire industry. Similarly, outsourcing forces successful tenderers (outsourced services providers) into contracts that are tendered at the lowest price possible. Outsourcing contractors therefore are under enormous pressure to keep labour costs (normally the major component of their costs) to an absolute minimum. As a result, expenditure on training and skills development is often rare or, at best, limited.

As has been argued in this report, when it comes to the training of non-standard workers, the training burden invariably and disproportionately falls on the individual worker. Clearly, the individual non-standard worker has an incentive to invest in his/her own training; however, that decision will often be affected by a number of issues:

- *Cost.* Non-standard workers normally have to bear the direct and/or indirect costs of training themselves. The life history case studies feature accounts of non-standard workers being required to attend and undertake regular work-related training in their own time and at their own cost. Most non-standard workers are not highly paid and cost is a significant disincentive.
- *The capacity to recoup the investment in training.* Many non-standard workers, especially those who are career-oriented (and are therefore predisposed to training investment) are dissatisfied with their working arrangements and often disenchanted with their employer. Most are uncertain as to how long they will be in their current employment. This uncertainty and insecurity acts as a disincentive to train, especially where the training is work-related.
- *Time.* While many casual employees will have sufficient out-of-work time to devote to training, changing rosters and hours often make it difficult to schedule training. Labour-hire workers typically tend to try to work as many hours as possible, including overtime, and do not normally have the practical option of refusing work. Again, this makes attending training courses in one's own time more difficult.
- *Lack of access to information and advice.* Many non-standard workers, especially casuals, are very uncertain of the available training and career options and have little idea of how to access that training. Uncertainty, disenchantment and confusion do not predispose those most in need of structured training to seek out that training.

While the overall picture of the links between non-standard work and training appears to confirm the hypothesis that non-standard work is contributing to a training deficit and, in particular to less employer-funded training, the case study fieldwork revealed some exceptions. Despite the lack of incentives for labour-hire operators and outsourcing contractors to invest in training their workers, a number of these non-standard employers were found to be funding and supporting some training.

In those outsourcing or labour-hire cases where some employer-funded training is being undertaken, one or more of the following conditions tend to exist:

- The project or outsourcing contract tends to be medium- or long-term.
- There is an established relationship between the client firm and the labour-hire firm or outsourced service provider.
- The skills involved are relatively specialised and are highly valued in the labour market.
- There is a relatively close fit between the skills of candidates or available employees and the skills required.
- There is a legislative, regulatory or contractual requirement for training.
- There are government subsidies available which provide an extra incentive to support the training.

Some labour-hire/outsourcing firms have been experimenting with training initiatives. For example:

- An IT recruitment, placement and labour-hire firm undertakes labour market analyses with a view to identifying short-term future skill shortages and offers near-suitable candidates who can be specially trained prior to placement to clients.
- A telecommunications labour-hire firm has facilitated and partly funded the training of technicians in order to meet its contractual commitments to provide the labour for long-term construction contracts in that industry.
- An employer association has developed and initiated a pilot program aimed at encouraging and co-ordinating apprenticeships in the labour-hire industry, supported by their own group training company.
- A joint union–employers' association venture has resulted in the formation of a training company that co-ordinates the training and supply of semi-skilled labour for large construction projects.
- A community-based labour-hire firm has attempted to place part-time and casual job-seekers, assisting their employability with skills audits, a mentoring program and facilitating induction training.
- A number of unions has been insisting on the inclusion in enterprise bargains of training commitments with employers where the employer is seeking to use labour-hire labour. In order to secure those contracts, labour-hire firms are being compelled to consider training and the supply of apprentices or trainees.

Reform options

The growth of non-standard work has seen a shift in the balance of responsibility for vocational education and training in Australia. Employers using labour hire or outsourcing have tried to shift the burden of training onto the labour-hire firm or the outsourced service provider. In turn, however, labour-hire operators and outsource contractors are trying to avoid or minimise any investment in training. At the same time the government's role in the direct provision of generalist and comprehensive trade and vocational training has declined in favour of support for a training market, user choice and the proliferation of training products offered by private commercial providers.

To the extent that the decline in the provision of employer-funded training is related to non-standard work growth and to the extent that it is seen as a problem, reform proposals should be directed toward stimulating employer expenditure on training. Labour-hire employers must be encouraged to recognise that they are employers of employees and that they have obligations to those employees. Presently, labour-hire operators and outsourced service providers are generally failing to maintain an adequate financial commitment to the training of their employees. It is imperative that labour-hire operators and outsourced contractors be encouraged to make a greater commitment to training. They are the financial beneficiaries of the trends toward non-standard work—they must share fairly in carrying the burdens as well.

While appropriate incentives and disincentives for employer training investment depend on the nature and extent of the use of outsourcing and labour hire, a variety of reforms are worthy of consideration. Policy-makers are faced with three approaches: target labour-hire firms to invest in training; target host (client employers) and provide incentives for them to contribute more to training; or target individual contractors or outsourced workers. Of course, none of these strategies is mutually exclusive.

Target labour-hire operators to be active partners in training. These reforms would attempt to remove some of the disincentives that currently exist for labour-hire firms to contribute to training.

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- The option of introducing financial training incentives directed specifically at labour-hire firms and outsourcing service providers may have the unintended consequence of subsidising labour-hire companies without necessarily leading to stronger training outcomes. Nevertheless, these are again problems of administration and program design rather than arguments against the principle of rewarding training investment. These subsidies could be provided by ensuring ongoing monitoring of progressive training outcomes.
- The option of introducing a system of regulation of labour-hire operators that insisted that they establish a formal relationship with one or more group training companies would need to be supported by the requirement that the labour-hire firms would need to report on, or meet, quotas for employing a certain number of GTC apprentices and trainees. A framework for the regulation of the labour-hire industry already exists in some jurisdictions.
- Labour-hire firms would require regulation so that they would enter into contracts to employ all staff on their books for minimum contract periods and for a minimum number of hours per week (which may be offset by formal training hours) as a means of encouraging training commitment. In this way labour-hire firms would be compelled to regard their workers as being akin to permanent part-time or full-time employees. There is some precedent for this model. One successful labour-hire firm encountered in this study offers a proportion of its staff 'permanent' conditions, which means that they qualify to be paid 'stand-by' rates to make up the hours of a standard full-time week when sufficient assignment work is not available. CWK, the community labour-hire firm, also attempts to provide an aggregation service to its employees.

Target employers who outsource or use labour-hire companies, to ensure that they do not abdicate their responsibility to develop skills in their industries.

- The reintroduction of a legislative requirement that employers spend a proportion of payroll on vocational education and training for their non-managerial staff is an option which invites many of the problems associated with the former Training Guarantee Levy—difficulties ensuring compliance and expenditure on appropriate training. Nevertheless, these are problems associated with the administration and monitoring of the system rather than with the essential idea of a compulsory levy devoted to training.
- The introduction of an industry training levy which applies to members of industry associations or institutes, all labour-hire contracts or to the industry as a whole could be used to fund industry-specific trade and vocational training and education for labour-hire workers, outsourced workers and casual employees without access to employer-funded training. This option would create significant challenges in establishing the appropriate institutional forms with the capacity to collect, manage and expend the revenue. The appropriate bodies would need to have the confidence of employers as well as unions.
- The use of government procurement regulations, contractual conditions and provisions in industrial agreements could require certain levels and forms of training commitment where the use of labour-hire or agency labour is contemplated. The example of the contractual requirements set by the New South Wales Public Works Department could serve as a model.

Accept that non-standard workers have to fund their own training, and alleviate the burden for individuals to meet the cost of this training.

- It could be a compulsory requirement for 'tripartite training agreements' to form part of a labour-hire contract or outsourcing contract. Tripartite training agreements would exist between the individual worker, the labour-hire operator and the client (host) firm. Although GTCs provide tripartite arrangements, many operators do not use these arrangements because they are perceived to be too inflexible. A tripartite training agreement could exist purely for the purpose of an outsourced contract, or to up-skill for a particular job. Under this agreement, all parties would contribute one-third to the cost of training provision. The individual worker/contractor contribution could (potentially) be provided by government subsidy (that is, the government will match the contributions

of the two employers on a ratio of 1:2). The case study evidence shows that labour-hire operators are more prepared to provide training if they do not have to meet the entire cost of training alone, and if they know all their competitors face a similar obligation. A tripartite agreement acknowledges that all parties have a responsibility with regard to training. In other words, 'it is everybody's responsibility' rather than 'it's not my problem'.

In the minority of cases where labour-hire firms or outsourced services providers *have* been providing training it is encouraging to find that a number of VET policy initiatives have been utilised. For example, RPL arrangements have enabled a number of non-standard workers we interviewed to have their skills formally recognised. The greater flexibility available under the new training packaging arrangements has also allowed some non-standard employers to develop workplace-based training programs compatible with their business imperatives.

Ultimately, however, the impact of the growth of non-standard work has meant that increasing numbers of non-standard workers are largely responsible for organising, accessing and funding their own training. The model of the 'portfolio worker' may well be applicable to some professionals with strong qualifications and skills in demand. However, it provides an unrealistic model for the majority of non-standard workers with few formal qualifications, limited skills and limited opportunities. It is clear that VET policy needs to do much more for these non-standard workers. The case study evidence presented in this report points to the existence of a large proportion of the non-standard workforce which is in desperate need of better information, greater assistance and more accessible advice regarding training options and opportunities. It is apparent that the current ensemble of institutions, including the New Apprenticeship Centres, are failing to provide adequate support to workers trying to cope with the realities of what one of our life history interviewees referred to as the 'protean career'.

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APPENDIX

"It's not my problem"

The growth of non-standard work and its impact on vocational education and training in Australia

Richard Hall

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Appendix

Case studies of organisations using outsourcing, labour-hire and/or casual employment

Case study 1: The hospital and its outsourced service provider

Interviewee 1

An officer from the relevant regional health service authority (hereinafter referred to as 'the RHSA') was interviewed. The RHSA is responsible for the co-ordination and administration of hospital services and a number of other health care services in the region.

Market contestability and outsourcing

While RHSAs in this jurisdiction had a degree of choice over the means by which the principles of market contestability would be applied in their regions, the decision was made by this RHSA that hospitals would move toward the phased-in contracting-out of both clinical and non-clinical services through a competitive tendering process. Initially it was planned that, by the end of 1998, the following non-clinical services would be contracted-out: catering, cleaning, couriers, gardens and grounds, patient transport, security and ward support services. Contracting-out of all those services, (with the exception of ward support services at one hospital), had proceeded at all the hospitals.

When asked to evaluate the success of the contracting-out process the officer commented positively, observing that the services seemed to *work well* in most areas. He noted that: *patient services and ward support works well* and the authority had witnessed *improved patient care*. The officer noted that the major advantage of outsourcing (and the market contestability program more generally) was that it had resulted in significant cost savings that may allow for more money to be devoted to patient care. This argument was repeated in official publications of the RHSA. In an undated publication reviewing progress from 1995 to 1998 the RHSA noted that the 'complete market contestability process for all non-clinical support services ...[had]... resulted in achieved savings levels of 34 per cent'. In a later progress report dated December 1998 it was noted that the process had generated 'savings of up to 20 per cent, depending on the individual hospital or service. The savings from these have been directed into direct patient care'.

Training and outsourced services

In the view of the officer much of the work involved in the provision of the outsourced services does not require extensive training but it does require experience and a familiarity with the specialist needs of the hospital environment. Particular qualifications were often required. For example, in security, in addition to the standard 'crowd controller's certificate', security staff might require aggression management training in order to deal with difficult or violent patients. In the food services area there was a need to be able to produce various

specialist menus—more than 50 per cent of hospital meals need to be 'modified' in some way. Similarly, the cleaning function required the need for some special room cleans in accordance with documented infection control procedures and standards and the maintenance of high standards generally. Patient transport also implied the need for training in the correct procedures for lifting and turning patients.

The officer was unable to comment on the quality of training that might have been received by the employees of the outsourced services provider.

Outsourcing and quality control

Controlling the quality of service provision is an obvious issue for outsourcing services. The officer commented that the main mechanism through which the quality of service could be assured was the request for tender document and the successful tender that formed the basis of the eventual contract. The request for tender documentation set out requirements including that the tender:

- demonstrate how each of the services would be undertaken. *In other words, not just what they would do, but how they would do it*
- outline the experience and capability of the tenderer
- provide a 'summary' of the skills and qualifications of the staff that would be involved in providing the services
- provide details of any proposed training programs that would be undertaken by staff detailing the types of courses, their objectives, timing, frequency and the identity of the provider

No further detail was required to be provided in the tender relating to training. Tenderers were not required to undertake or guarantee that any training would actually be undertaken. Nevertheless, tenderers were required to specify how performance standards would be maintained and monitored, outline the quality systems they would have in place and identify the key performance indicators that might be used.

According to the officer, the successful tenderer for the hospital services provided documentary evidence of the training that would be undertaken. This formed part of its transition, management and quality plans submitted as an integral part of its tender documentation.

The officer also noted that performance standards could be enforced by the client hospital by reference to the terms of the tender document. Those standards would often be very detailed. For example, with respect to cleaning services, the standards might specify minimum frequencies for cleaning, the times at which particular cleaning can be conducted, and the standard of cleanliness required in a particular part of the hospital. The hospital contract manager periodically undertook an audit process. The officer said that he was aware that there had been minor problems with the implementation of the audit process; however, both parties agreed audits must be undertaken. It would appear most, if not all, issues had been resolved.

Despite some tensions there was little doubt that the outsourcing experience had been positive from the perspective of the RHSA. The current contractor had experienced some *teething problems* in finding the necessary *management expertise* and *some people have got complaints* but *millions of dollars may now be devoted to patient care as a result of the process in most hospitals; possibly tens of millions of dollars in the case of the [case study] hospital over the life of the contract.*

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Interviewee 2

The Manager, Organisation Development (OD), Human Resources was interviewed.

Profile

The hospital offers a full range of medical services including highly specialised acute care services, aged and extended care services, mental health services and hospital-in-the-home and community-based primary care services. The hospital employs approximately 2500 effective full-time staff including nurses, medical support staff, medical and sessional clinical staff, hotel and allied staff and administrative-clerical staff.

Operation

The operation of the hospital has undergone significant change in the past five years primarily as a consequence of a changed funding and organisational environment built around management attempts to increase the efficiency and effectiveness of its performance. A number of major human resource management changes (associated with these more fundamental environmental changes) have also occurred in the past two to three years including: the introduction and application of market contestability principles to a number of the hospital's functions resulting in the outsourcing of a series of services; the introduction of performance management principles for all staff; and the introduction of strategies designed to reduce the organisation's reliance on agency staff in both the nursing and secretarial areas.

Hospital workers are employed and engaged on a very wide variety of arrangements. Taking the largest single general occupational group within the hospital (nurses), most were traditionally employed on a full-time basis (at least for their first year) and worked a 40-hour rotating roster inclusive of one rostered day off (RDO) per month. A great deal of responsibility for rosters had been devolved to ward staff level enabling more flexibility in how nursing staff made up their hours. It was now possible for nurses to accumulate credit hours which could be 'spent' in the future or incur a debit that would need to be made up in the future.

In the opinion of the OD manager, this approach is not only more efficient but is consistent with the hospital's introduction of a primary care structure, under which particular nurses are assigned to particular patients. Lessening the reliance on agency nurses enabled the hospital to maintain a primary care structure and had facilitated the use of care plans for patients.

The hospital was also attempting to reduce its reliance on secretarial agency staff. The hospital had developed its own register of secretaries (an 'internal agency'), supplying casual labour where necessary. The objective has been to reduce costs and also to enhance internal 'customer service' by ensuring that agency staff deployed were familiar with the specialist medical, organisational and operational knowledge required to work effectively in a hospital environment generally and in this hospital in particular.

The outsourcing experience

In response to the market contestability policy, the hospital's food services, environmental services, security, gardening and patient transport services were put to tender. With the support of hospital management the in-house team submitted a competitive bid but the services were ultimately awarded to an external provider. After twelve months the tenderer sought to withdraw from the contract for 'commercial reasons'. A second request for tender was released seeking a contractor to provide the same services. It was no longer feasible for an in-house bid to be assembled and the contracts were awarded to another external service provider in late 1998. The OD manager declined to comment on the performance of those contracts; however, at the time of both site visits (more than a month apart) the employees of the outsourced service provider were in the middle of industrial action which was evidently seriously disrupting the relevant operations of the hospital.

The OD manager was prepared to reflect on the hospital's outsourcing experience in general. Despite missing out on the contracts in the first round, the existing employees in the outsourced areas of operation were assured of certain conditions—no forced redundancies, the right to receive a comparable job offer from the successful tenderer and 12-month salary maintenance for those workers who were not offered a job at the same level as their original position.

The performance management experience

As noted above the hospital had also been seeking to introduce a program of performance management. As an organisational change experience this initiative stands in quite strong contrast to the outsourcing experience. Despite widespread suspicion amongst staff surrounding the introduction of performance management, the OD manager contended that it had been important to involve management *and* employees at all levels throughout the entire process. This has involved *a great deal of dialogue and reflection and feedback... and putting issues on the table*. It has also meant that the model of performance management had to be clearly explained as one that was *forward looking and developmental* because, otherwise *you can't achieve the level of honesty that's required*. The relative success of the introduction of performance management systems at the hospital appears to have been based on a very gradual, open and systematic process of communication. Interestingly, training had a key role in this.

Clearly the introduction of the performance management program and the outsourcing initiative have both constituted major challenges for the hospital. In response to the proposition that the performance management program implementation had been less disruptive because it had been a more consultative process, the OD manager commented that:

Both processes did in fact involve considerable communication, consultation and training. My concern regarding outsourcing as a general business management strategy is that it is largely driven by short-term financial considerations and evidence seems to be emerging that it has often failed to deliver on the envisaged benefits in terms of efficiency and effectiveness gains. I believe that this is because more often than not there is inadequate consideration given to how organisations manage such issues as values alignment, organisational culture, loyalty, motivation, commitment, quality and customer service when the staff involved in delivering the service are not direct employees.

Interviewee 3

The Training Manager, Human Resources was interviewed.

Training

The training unit is responsible for some of the formal non-clinical training of all staff. Therefore, while the client base includes all nurses, doctors, professionals and ancillary staff, it does not include any clinical nursing education or clinical medical education. It also does not include any training for staff of the outsourced services provider. The unit is one of a number of areas involved in the provision of training within the organisation so the information presented below reflects a partial picture of the training conducted within the organisation.

The unit offers a suite of courses to staff, including: customer service, staff selection, communication skills, performance management for managers, presentation skills, introduction to management, performance management for staff, basic computer training, as well as the conduct of consulting work and focus groups for particular operational areas. The training unit has a close relationship with a local university where staff can participate on site in nationally accredited training modules.

The major training commitment in recent years has been centred on the performance management program. In 1998 the unit ran a number of pilots of a performance management course for managers and staff. The review of these pilots resulted in a course being developed for managers, with plans for training on performance management to be made

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available to staff at a later time. Impetus for a more comprehensive approach to performance management training had come from chief executive level.

According to the training manager there tends to be a high demand for training amongst staff. *The hospital has a very strong learning culture, and given their education and background the staff tend to recognise the importance of training and learning. But time and money are big issues.* Thus, while there is a strong willingness to learn, there are time and financial implications associated with release for training which also has had an effect on course structures and methods of delivery: where possible short modularised sessions are organised.

All of the non-clinical training provided by the unit is offered on-site. The only exception is IT training where computer training is provided by a private provider with which the hospital has negotiated a corporate rate.

Course offerings are very much dictated by demand. Traditionally, the training conducted by this unit has been reactive rather than pro-active or strategic. The training manager admitted that a more strategic approach was warranted although it would be virtually impossible to undertake a thorough skills audit given the very large number of staff involved. Different ways of approaching this were being explored. The training currently being offered is far more closely linked to key organisational objectives than training conducted in the past by the unit. However a needs analysis had been conducted for the performance management program and a similar process was currently under way for IT which is likely to be the next big area of training demand.

Access to training

Of the training conducted by the unit, traditionally, managers have tended to receive more training than line staff, although the more recent customer service courses, communication skills and the performance management for staff courses cater more for line staff. Amongst front-line staff, nurses have tended to access training more than other staff (although it needs to be recognised that there are a large number of employees in this group). In recent times however, there had been some evidence of improved access by administrative staff. The training manager reiterated that the unit was only one of many providers of training within the organisation. Up until recently, there had been only a very restricted range of training offered by the unit, mainly relating to management skills.

The training manager was uncertain about the degree of access to training for part-time and casual staff, because she was unaware of the employment status of course attendees. Nevertheless, it was noted that some people attended training in their own time. The majority of participants attending training courses conducted by the unit attended as part of their working day. Any other arrangements were negotiated between the staff member and their manager.

In 1996, prior to outsourcing, the training area conducted a series of training sessions for staff from the food services area—one of the areas subsequently outsourced. Five different one-hour or one-and-a-half-hour sessions were conducted on areas relating to communication skills and customer service. In total, 17 sessions were offered to staff. Both courses had an emphasis on practical solutions to common problems and involved the use of role plays and other practically oriented training strategies.

In October 1998 the Training Unit became the Learning and Development Unit reflecting a change of emphasis and approach. Part of the mission of the Learning and Development Unit was to promote ideas surrounding the concept of the learning organisation—*to facilitate the organisation on the path of learning*. In the past one-and-a-half years, the activity level of this unit has increased greatly and the training budget of the unit has also increased. This is directly linked to the decision made for the unit to develop and roll-out the performance management training program in-house instead of using an external provider.

Interviewee 4

The contract administrators from the hospital responsible for managing the outsourced services contract were interviewed. Approximately 240 staff were employed by the outsourced services provider (OSP) to provide hotel services.

Training and outsourcing arrangements

The contract specifies that any training required by those staff is to be provided by the OSP not by the hospital itself. The establishment therefore has no formal arrangement to provide training to any of the OSP staff. Nevertheless the establishment does offer some training relevant to the performance of a number of those services; for example, infection control training (relevant to cleaning), training in lifting and moving patients (relevant to ward services) and training in how to manage difficult patients (relevant to security). However, to the knowledge of the contract administrators, the OSP had not yet sent any of its staff to that training on a formal basis. It was suggested, however, that at least some of that training was accessed informally by OSP staff (or provided informally by establishment staff).

The contract administrators noted that some of the training provided to the OSP staff may well be done on the basis of one person from a team being sent to the training with the expectation that they will train others on the job when they return. They gave an overview of the training likely to be required in each of the service areas:

- In food services they were aware that a private educational establishment specialising in training for establishment staff offered training for menu monitors and training in safe food handling.
- In environmental services (cleaning) they noted that staff must be 'suitably qualified' and noted that the establishment's infection control department offered the appropriate training.
- Security staff were required to hold a crowd controller's certificate and noted that there was a need for on-the-job-training in fire safety, evacuation and controlling aggressive patients, non-violent crisis intervention etc.
- In ward support services they noted that staff needed to be qualified as certified patient service assistants and that training for that qualification was provided by an external private provider.
- In distribution most training was informal and on the job however the physiotherapy department did provide at least some on-the-job training in patient handling.

To the extent that any establishment-provided training was taken up by OSP employees this was done on an informal, on-the-job basis. None of the OSP employees was required to undertake the establishment induction training process. The contract administrators had no detailed knowledge of the extent to which the OSP provided or facilitated formal, structured training. Their lack of knowledge of the training received by the OSP staff was a function of the contracting-out arrangements—contracts were to be managed by outputs not by inputs. Under the arrangements, the establishment was discouraged from focussing on OSP's procedures, processes, techniques, skills and training (because they were inputs), and encouraged instead to refer to the outcomes—the standard of the service and the outputs achieved. It followed that *whether they train or not is pretty much up to them [OSP] as long as they achieve the required outcomes*. When asked whether this was problematic, the contract administrators noted that *it gives concern at an operating level*.

However, these concerns expressed by the establishment managers appeared to run deeper than simply concerns over training or skills adequacy.

Is it lack of skill or lack of motivation? What is the problem here? I mean many of those outsourced used to work here, so you've got to assume that their skill levels were appropriate and that they had the appropriate background and that they should have been trained adequately to do the job. Its not that, so much as attitude… motivation… the standard is not high and there is clearly not much loyalty… The place seemed to be cleaner previously… although it was never tested, the place seemed to be cleaner.

Motivation is a lot lower. Previously it was adequate but then we had high expectations with the new service provider… but since then it's become… less than adequate.

The approach of OSP was seen to be *very reactive* rather than being based on a *maintenance approach*. The contract administrators expressed the view that OSP management was simply too busy responding to complaints and crises as they arose to be able to manage the processes and procedures that would ensure smooth service delivery. In part this was seen to be caused by the fact that there were often *not enough people on the ground. You are always going to be able to reduce costs by reducing inputs*. Ultimately they saw the outcome of the outsourced service arrangements as *disappointing*. They were also frustrated by the fact that they were permitted only to focus on outputs and that as managers they were *not allowed to manage*.

The contract administrators were clear that a better arrangement would be based on a closer *partnership* between the establishment management and the OSP management. This would allow better communication and closer monitoring of practices and procedures, not just of outcomes. *You need to be able to influence inputs and direct the traffic, rather than just watching it go by*.

This implied, in their view, that if outsourcing were going to succeed, then you needed to be very prescriptive in terms of setting performance procedures (inputs) as well as performance standards (outputs). The first successful tenderer at the establishment (who withdrew after twelve months on the basis of 'commercial considerations') was very outcome driven. The contract administrators considered that because of the lessons learnt from the first experience, the current tender was better because it was more prescriptive. The current arrangement was clearly more satisfactory in some service areas than in others; for example, the performance of food services was seen to be much better than the performance in cleaning, partly because the contract in relation to that service was far more prescriptive.

Interviewee 5

The manager from the outsourced services provider responsible for the Hospital contract was interviewed.

Profile

The outsourced services provider (OSP), originally established as a contract cleaning company, became involved in facilities management after acquiring security services and catering businesses. Prior to their involvement with the hospital the company had gained considerable experience in facilities management, including the provision of a variety of services in a number of other large hospitals.

Operations

Following the withdrawal of the original service provider, OSP tendered successfully for the provision of services in the hospital. In late 1998 OSP took up the contract to provide services in six areas: food services, environmental services (cleaning), ward support, distribution (including orderlies), security and gardening. The request for tender only provided for a two-week period for the development and submission of the tender and OSP were given a three week transition period after which they were solely responsible for service delivery. This extremely tight timetable had an effect on the training that was able to be provided. However, during the transition period all ward support staff received basic infection control training—a two-hour session provided by a private training provider specialising in hospital staff training. Orderlies and ward support staff also received a refresher course in patient lifting and transportation.

OSP was bound by the contractual requirement to take on all existing staff who had been working in the outsourced service areas under the previous contract. The vast majority of those employees had originally been employees of the hospital. In all, OSP employed approximately 240 staff who work at the hospital. The vast majority of these staff are employed as permanents, either full-time or part-time. OSP only employs 12 casual staff,

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mainly because the prevailing award conditions (which are binding on OSP under the transmission of business arrangements) make the use of casual staff too costly. The manager also noted that agency staff were not cost-effective for OSP either.

Training provided by OSP

At the commencement of the contract OSP had a strong incentive to offer training to as many of their staff as possible. In order to qualify for the government subsidy of $4000 per trainee, employees had to be signed up into a traineeship within the first three months of their employment with OSP.

All eligible staff working in food services, environmental services, ward support and as orderlies were offered traineeships toward an AQF Level III Certificate in Health Care. The training program was designed as a multi-disciplinary course by a private registered training organisation (RTO) in consultation with OSP. The course involves 240 hours of training delivered over a 12-month period. Most of the training (approximately 200 hours) is formal, structured, classroom-based training. Approximately 90 staff (out of a total of approximately 240 employees) are currently undertaking the training. Those who did not take up the traineeships were either too well qualified, did not want the multi-disciplinary training or were part-time or casual employees.

The direct cost of the provision of the training is effectively paid for by the government through subsidies paid to the RTO. The major cost to OSP was therefore associated with the labour costs incurred by the need to cover trainees while they were 'off-line' attending off-the-job training. In order to backfill these positions OSP employed 18 trainees under the National Training Wage arrangements. OSP preferred to engage trainees for this purpose because they *had no bank of casuals available and agencies were simply too expensive*. Before commencing, these trainees received three weeks intensive training provided by a private training provider.

OSP's security staff have been offered a voluntary training program leading to a level III certificate. That training is undertaken out of work hours and those who complete the course are paid $500 by the provider. OSP's gardening staff had not undertaken any structured formal training. The OSP manager noted that it was planned to outsource the management and administration of the gardening and grounds maintenance services to a specialist gardening service.

The OSP manager explained that there were a number of other training programs undertaken by their staff:

- The four or five menu monitors employed within food services had all undertaken a six-day course in menu monitoring conducted over a three-month period.
- Owing to a legislative requirement, all relevant food services staff had to undertake a 'hygiene for food handlers' course which was paid for by OSP and attended by staff during work time.
- All supervisors (about a dozen staff from the hospital) have had to undertake a training course in internal auditing in order to secure ISO accreditation. The course was held on a weekend, out of working hours, and staff were not paid to attend. The provision of the course was paid for by OSP.
- Supervisors also attended some short sessions provided by OSP's employee relations consultant on industrial relations issues. These sessions were paid for by OSP and attended by supervisors during working hours.
- Approximately eight of OSP's staff from the hospital attended a Workcover occupational health and safety course.

The manager contended that this constituted a significant amount of training in just twelve months and that staff had commented to her that they *had received more training since working for OSP than they had ever received as employees of the hospital*. In her view this was partly

because, traditionally, the needs of non-clinical staff often tended to be under-emphasised in hospital settings.

An evaluation of OSP's training experience

It was evident that there were a number of motivations for OSP embarking on such an ambitious training program for its staff.

First, the OSP manager noted that the start of the new contract created an ideal opportunity to get *a fair bit of training done at minimal cost*. Trainees would qualify for government subsidies and the early phase of the contract cycle presented the best opportunity to offer training to all staff. Second, OSP sought to use the training initiatives as means of encouraging a *culture change* amongst staff. As noted above many of the staff had a long work history at the hospital, and in the view of OSP management, many work practices had to change. Third, OSP was not satisfied with the skill level of all staff and training provided the opportunity to try to encourage staff *to work smarter and to improve their productivity*. Fourth, a number of legislative and practical conditions—occupational health and safety legislation and regulations; ISO accreditation, etc.—made some training mandatory.

Part of OSP's enthusiasm for enrolling as many of their staff as possible as trainees can be explained by their concern that government training subsidies were likely to be restricted in the future. Even with the subsidies, however, the manager noted that the training had not been cost-effective, at least not in the short-term. The main reason for this was the fact that the costs associated with backfilling staff taken off-line by training commitments proved to be much greater than originally hoped. The drop-out rate of the National Training Wage trainees (used for backfilling other staff) had also been much higher than anticipated. At the time of interview six of the eighteen trainees had left OSP.

Using the training to assist with the process of improving work practices and stimulating a degree of 'cultural change' amongst the staff had proved challenging. Much of the training was attempting to expose workers to new and better ways of doing things. In the estimation of the OSP manager this had been only partly successful to date. *It's certainly done some good…some of our people have really run with it and they thank us for it…for others, well, we hope it will rub off in time.*

Reflecting on the extent to which the training had led to any observable improvements in service quality, or had improved productivity, the OSP manager commented that:

It's still a bit too early to tell really. In the food services area things learnt in the classroom have been applied on the job and the training has empowered some of the employees to ask about better ways of doing things. But in terms of working smarter, well there has been no major change. Maybe when things are more settled we'll see better results.

It was apparent that the contract under which OSP were operating demanded a great deal from them in terms of service. Effectively it meant that OSP had to *do more with less…There are very few hospitals that can claim to be ISO-accredited and this was a condition of the contract. So they [the Hospital] were asking us to do something they'd never been able to achieve themselves.* It was important to recognise that the whole outsourcing drive was, in part, *a risk transference exercise* but that with things more settled now than they had been in the past, it was hoped that in the future OSP *might even make a dollar* out of the contract. The OSP manager felt that the contract was very tight in financial terms and that this degree of financial discipline made it challenging to deliver the services within budget, especially when the training had taken so many employees off the hospital floor so often.

The outsourcing arrangement also introduced new dynamics into key relationships across the hospital organisation. Employees, who had seen one service provider come and go within twelve months, were understandably sceptical of the OSP. Both the OSP and the hospital were also still learning how best to handle their relationship under the outsourced arrangements. The OSP manager also noted that there was a lot more work created by the existence of a contract arrangement than many people appreciated.

There are significant hidden costs associated with contract management and supervision…you need to employ contract managers for example to handle the relations between the parties. … And, whereas previously, a service area within the hospital would simply be 'stretched' during periods of peak demand, under a formalised contracting arrangement the contractor is going to seek a variation on each occasion there is any extraordinary demand placed on a service.

In the view of the OSP manager the introduction of outsourced arrangements also served to direct a great deal of attention to the providers, putting service quality under the spotlight.

The future

While OSP evidently wanted to maintain its strong commitment to training it was apparent that the pressures on training expenditure would increase in the future. The OSP was working with their private training provider to come up with a modified training program for the Certificate III in Health Care that involved less off-the-job structured training and more on-the-job training in an attempt to ease the burden of having so many trainees off the job so often. This was seen to be the only way OSP could continue to train viably. *Obviously its going to get harder and harder to justify it [the training facilitated by OSP] as profits become tighter… so we've got to get smart about it…* The manager also reiterated that in the future the existence of adequate subsidies would continue to be critical.

Conclusion

The outsourcing experience proved relatively challenging for the hospital. While views were mixed, many informants from the hospital side suggested that the outsourcing initiative had not succeeded. The outsourcing experience had not however, been unequivocally bad for training. Many of the outsourced workers continued to receive quite extensive training, although much of this was non-discretionary in the sense that it was mandated or required for legal or professional reasons. For its part, the OSP recognised the importance of training and had been very committed to providing the workers with more training than they had ever received. While the extent of the commitment was impressive, it was apparent that budget restraints associated with the outsourcing contract were likely to threaten that commitment in the very near future.

Case study 2: The Local Council and its call centre

Interviewees

The Human Resources Manager (council); Special Projects Officer (call centre); Learning and Development Officer (call centre).

Profile

The Local Council administers and provides services for one of Australia's largest municipalities (more than 800 000 residents). The council is responsible for the management and delivery of a range of local services (for example, rubbish collection, libraries, rates, transport services, pets) and community services (organisation of public events & festivals).

Given the size of the municipality, the customer service responsibilities faced by the council are demanding. Telephone-based customer services can include the recording of service requests, general city information and customer enquiries, and the registering of complaints/comments. The sheer volume of calls and the level of difficulty of calls means that customer service staff require training in customer service and extensive knowledge of council services and policies. For example, callers frequently phone with more than one request, complicated enquiries require interpretation of council policy (for example, rates and pensioner discounts) detailed information often has to be accessed regarding building standards and requirements.

Steps leading to the decision to restructure

In the early 1990s, Local Council became aware of customer dissatisfaction with the level of service provided through a number of council agencies and departments. The problem was recognised at the highest levels of council. The Local Council mayor made the following comment in an interview with a call centre analysis-consultant in July 1998*:

I didn't want to be the head of an organisation with a dismal service delivery system. Our preliminary investigation revealed that response times varied from 1 day to 18 months with no performance standards. We found a 'silo-effect' (functional integrity, 'it's not my table' syndrome) inhibiting inter-office coordination of service delivery. The lack of a structured approach was obvious.

In 1994–95 an internal study was conducted by council that examined best practice examples of customer service delivery in Australia and overseas. The interviewees commented that the decision to conduct an internal study (rather than have an external consultant manage the study) reflects the philosophy of the local mayor, and culture of the Local Council. This is revealed in comments made by the mayor:

We did not engage external consultants, instead we embarked on a minutely planned change management project using inside consultants in co-operation with the staff. ...I am a great believer in public organisations' ability to deliver excellent customer service and don't believe in the miracle cure of privatisation.

Findings from the study identified a number of problems with council management of telephone enquiries.

- Each department/agency handled their own record service requests, complaints and customer enquiries.
- The council had no structured approach to the administration and processing of requests (there was limited communication between functional areas).
- A call abandonment rate of more than 36 per cent was recorded (more than one in three callers was simply hanging up before being served).
- The council had more than 600 phone numbers as contact points for customers.

The study also identified and recommended key performance indicators to improve customer service delivery, with the creation of a call centre being central to the restructuring process.

As a result of the study, Local Council undertook a radical restructuring process to improve customer service delivery, and to make council operate more like a 'business'. The business-model of operation has been introduced on a range of levels—council now operates and reports annually using an accrual accounting system, and has established council business enterprises. For example, the council owns an independent consulting business that offers urban management services to domestic and overseas clients.

The council had two priorities: firstly to improve business performance and develop a 'corporate culture'; secondly to maintain a consultative process with council staff. To satisfy these two priorities, the Local Council developed a new model for call centre operation. Call centre functions were 'outsourced' to an 'internal' service provider. The Local Council call centre is integrated with Local Council structure, yet operates on a user-pays basis. Each request/call/inquiry handled by the centre is charged to particular work unit (department) for the time taken to see the request through to completion. In other words the call centre is a service provider to one client—the Local Council.

Consistent with the philosophy to consult and include council staff, the call centre was created by transferring staff (and a proportion of the budget) from each department, to the

* These comments and those following were made by the Local Council mayor, and are taken from the recorded text of a private interview between a consultant and the mayor. The interview occurred in July 1998.

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call centre. Retention of experienced staff, with corporate knowledge, was considered to be essential to enhance customer service delivery.

Profile of the call centre

The call centre was established in 1996 with 50 consultants handling 4 work units within the council. Since that time, the centre has progressively added more work units to its services with the eventual aim of all calls for Local Council being answered and resolved by the call centre. In 1997, the call centre became a 24-hour operation. At the end of 1999, the call centre will have 170 consultants.

The aim of the call centre is to deliver to the customer a 'corporate face' to Local Council in a one-stop-shop environment. This means that customer telephone enquiries and complaints at the first contact are 'resolved'.

Working arrangements at the centre

All staff are expected to participate in a 24-hours-a-day, 7-days-a-week shift roster.

The centre provides opportunities for permanent, part-time, job share, casual and home-based positions. It has traditionally operated on a mix of largely permanent (80 per cent or more), with a minority of casuals. All staff are selected using the same technique—advertisement and then a series of interviews.

The call centre recruits its own staff and manages its own human resource issues. Although call centre staff are covered by general council employment conditions, they have training arrangements, performance management and performance indicators that are tailored to the needs of the call centre specifically.

Monitoring of the call centre's operation

The call centre is considered by the council to have a critical role in the achievement of the council's customer service key performance indicators. Therefore, these KPIs are taken seriously by the Local Council, and the performance of the call centre is measured closely. The centre undertakes monthly customer attitudinal research contributing to the overall customer satisfaction indicator for council used in reporting performance. The centre is also expected to identify trends in customer issues and attitudes and provide feedback and improvement suggestions to management, divisions and other work units.

Call centre performance is measured by three main indicators, and targets have been set for each of these indicators:

Service standard	Target	Prior to establish-ment of call centre	Currently
Speed of answer	90 per cent within 20 seconds	Not measured	>90 per cent
Rate of call abandonment	<3 per cent	>35 per cent	6 per cent
Reduce percentage of works returned by work units as reworks	Reduce to 1.5 per cent of forms submitted	Not measured	Close to achievement
Call centre capable of handling most general enquiries at first point of contact	90 per cent of all general enquiries will be answered to customers satisfaction at first point of contact	Not possible under previous arrangement	Yes
Reduce clerical time	Average clerical time reduced from 107 to 97 seconds	Not measured	Close to achievement
High level of customer satisfaction	90 per cent of requests fulfilled by service received by call centre consultant	Not possible	Yes

Training before restructuring

Prior to the establishment of the call centre, staff received no or very limited training before being assigned to answer customer enquiries for the council.

People were plonked on phones on the morning they arrived at work. There was no training on how to handle difficult customers, and no training in council policies or council information. The other problem was the inconsistency in the treatment of these staff. Some departments handled requests differently, so might receive a day of induction, others would receive no information and would expected to start from day one (Call Centre Special Projects Officer).

As one interviewee commented: *the difference between the training before the establishment of the call centre, and after, just cannot be compared.*

The call centre HR manager interviewed also argued that the training currently received had stabilised the employment of phone staff (now called 'call centre consultants'). The call centre currently has a turnover rate of less than 1 per cent, and more than 80 per cent of the positions are full-time and permanent. Although there are no statistics about the turnover rate of 'phone staff' under the previous system, it is estimated to be very high (in the call centre industry generally—it can range from between 50–80 per cent).

Training since restructuring

The call centre places strong emphasis on providing appropriate training, and career development opportunities for its employees. As the HR manager described it: *We are seeking to get as far from the 'galley-slave' model of call centre operation as possible.*

Training for call centre consultant positions has three main components (steps):

1. eight-week training course (see table below): on appointment, new recruits (casual, permanent and part-time employees) are required to complete this course
2. mentoring training for the first month of call taking: consultants begin taking calls from the public, under the supervision of a coach
3. ongoing training or 'refresher' training

Ongoing training is considered important for development and career opportunities. A learning and development officer from the centre describes it the following way:

Training is divided into the 'must-haves' and the 'nice-to-haves'. The 'must haves' are refresher courses in technical and communication skills that need to be brushed up. The 'nice to haves' is also known as the 'wish list' of training. Each year, every consultant drafts a wish list of courses they would like to go on, and they have the opportunity to attend one of these courses each year. The course doesn't need to be directly related to the immediate job, but could offer the opportunity to develop skills that people need so they can be transferred to other areas of the organisation further down the track.

The impact of KPIs on training

The call centre has no formal relationships with TAFE or private providers—it has developed its own training course. This course is administered and run internally. The centre has one full-time learning and development officer (trainer), and a 'rookie' trainer. The organisation places strong emphasis on experience, so learning and development officers (training officers) are ex-consultants. *We believe this is the only way that trainers can best understand the stress that consultants face on the job* (learning and development officer).

During the site visits, interviewees were keen to stress that the retention of staff and opportunities for career development were considered to be high priorities. Training is also considered to be essential for the achievement of the service standards which the call centre is required to meet. The table describes the induction course which all call centre staff (casuals included) must complete. The call centre service standards are reflected in the content of this training. The requirement for consultants to handle 90 per cent of general requests at the point of contact means that trainees obtain a comprehensive overview of all major areas of

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council policies (rates training takes three days, parking and road infrastructure takes two days). Consultants access council information through an 'internal' web site. Thus training to navigate the network covers approximately four days and is linked to the time taken to resolve inquiries (reducing clerical time for processing enquiries).

Other training opportunities

The learning and development officer of the call centre argued that non-call centre specific training was available to all call centre staff (including consultants).

The call centre (in official documentation) specifically identifies career development as an important priority for the centre: *Call centre consultants fulfilling this role will have full advantage of a new career path, as well as the ability to improve their career development in these skills.*

The centre (consistent with council policy) has an internal appointment policy (with the exception of consultant grade 4 positions). It takes roughly 2.5 years for consultants to move up to senior consultant level. Reviews occur on a six monthly basis, then consultants are (generally) reclassified to the next pay increment (after successful assessment).

Performance management

Formally, the planning for performance (or PFP) provides a structure for career development, and this applies to call centre staff. The requirements of this award are that band 4 employees (call centre consultants) be assessed every six months. If goals for that period are met, the employee is able to progress to the next pay increment (band 4 has 5 pay increments). At the next bands (5 & 6), employees are assessed annually and progress through the pay increments providing the goals set for the time period are met.

In order for staff to achieve pay rises, the call centre must achieve a 90 per cent grade of service (this is dictated by the enterprise agreement). The grade of service is displayed on the call scan external display boards, it indicates the number of calls answered and waiting time.

At interview, the HR manager for the call centre stated that almost all consultant positions were filled externally (through advertisement). As yet, very few consultants had transferred from the call centre to Local Council. However, he stated: *the opportunities are available for this to happen. Also, the call centre had a very low turnover rate of staff, so in fact very few people have been leaving at all.* Up to July 1998, in the first eighteen months of operation, only one consultant had resigned from the call centre.

PFP goals and competency-based progression

The call centre has developed its own competency-based progression (CBP) system—specifically to enable consultants to progress from band 4 to band 5. The system has been developed consistently with national accreditation standards and includes a training program for each competency. So far, nine staff have completed and attained National Workplace Assessor Accreditation Certificates to ensure assessments comply with all national workplace assessment standards. The call centre plans to submit the program to VETEC for national accreditation after the first year's review.

Assessments for the CBP are conducted by qualified assessors using a series of tests and peformance measures to ascertain whether each consultant can successfully meet the requirements of each competency.

Band 4 in the CBP has 11 competencies which cover 5 main areas:

- interpersonal communication
- equipment use
- customer service
- problem-solving
- policies and procedures

Call centre permanent full-time and casual trainees

Week 8.30–4.30	Monday	Tuesday	Wednesday	Thursday	Friday
1	Orientation Overview/purpose of position	Windows Netscape Troubleshooting Superannuation information session Listen to calls	Citysearch Hostalk BIMAP Support magic Groupwise OHS information	Council navigation General information Council services Problem forms Debrief	Customer service skills External consultant
2	Tour city hall & library Telephone techniques PABX Scenarios *(role playing)*	Rates	Rates	Rates	Scenarios Take calls with buddy Debrief
3	DRS complaints CRS licensing	Scenarios Water Authority	Scenarios Water Authority	Building Tour Customer Interaction area Plumbing Signs Debrief	Stress management External consultant
4	Road infrastructure Visit traffic control centre	Parks R & R information session Scenarios	Waste FOI Information session	Questions Tour city drains, animal shelter, MAPS, transfer station, JRO information session	Scenarios Take calls with buddy Debrief
5	Parking Rostering/scheduled information sessions	Scenarios Take calls with buddy	Take calls with buddy	Union information session Transport Floods and stormwater Scenarios	After hours SES Storms Trees Debrief Tour bus depot & planetarium
6	Take calls with buddy *(taking live calls with an operator – 1 buddy/trainee)*	Take calls with buddy	Take calls with buddy Emergency procedures training Walkabout *(trainees are taken through the city streets imagining council enquiries/problems through the eyes of the customer)*	Take calls with buddy Debrief	Graduation Standards, evaluation, consol quiz, presentations
7	Take calls with coach *(an experienced operator supervises a small group of trainees taking live calls)*	Take calls with coach	Take calls with coach	Take calls with coach	Take calls with coach Debrief
8	Take calls with coach	Take calls with coach	Take calls with coach	Take calls with coach	Take calls with coach Debrief

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At six monthly intervals, consultants have the opportunity to progress one pay point from band 4.1 to band 4.5—based on meeting performance standards and achieving competencies which are set during planning for performance meetings (PFPs) with team leaders. For PFPs, everyone reports to the next level up (consultants to senior consultants, senior consultants to team leaders etc). Both the learning and development officer and HR manager argued that PFPs were taken very seriously by the organisation (call centre), and are an important tool in identifying future training needs. *PFPs are supposed to identify longer-term goals, so that training needs can be identified accordingly.*

Conclusion

The Local Council case study demonstrates that full function outsourcing is not the only option facing organisations seeking improved performance and cost savings. The council considered the option of outsourcing its customer service functions to an external call centre but decided to establish its own in-house call centre and outsource the work of each of the divisions and sections to this new centre. The trainig provided in this new centre was quite extensive, particularly in terms of the relatively amount of training customary in the industry.

Case study 3: The shipyard and its use of labour hire

Interviewees

Separate interviews were conducted with the Manager, Human Resources and the workplace union delegate.

Profile

The shipyard is a commercial operation supplying marine engineering, surveying, repair and maintenance services for large and small vessels. This includes services such as engine overhaul, conversion and modification of ship mechanical and electric systems, general maintenance and repair work. The Department of Defence Production previously managed the Shipyard and then, following commercialisation, used the shipyard as their preferred contractor. Currently approximately half of the shipyard's work is for the Royal Australian Navy (RAN) while the other half involves contracts for private ship owners and operators.

The shipyard has always required a highly skilled workforce covering a very broad mix of engineering and mechanical skills. For example, a shipyard contract might involve the completion of an initial upgrade of missile frigates for the RAN, thereafter providing ongoing 'life support' for the vessels. (The shipyard won a major contract to provide these services in late 1998.) This kind of contract includes high-technology work associated with the upgrading of combat systems for ships, as well as an ongoing demand for skilled staff to perform the necessary maintenance.

Operation

The shipyard has a core workforce comprised of key tradespeople and trade assistants, supplemented by labour-hire workers where necessary. At times of peak demand, the shipyard may have as many as 100 labour-hire trades workers on site. The 'normal' level is approximately 20–30 at any one time. Many of the labour-hire workers are previous employees of the shipyard.

A downturn in demand for shipyard services has meant that the organisation has undergone radical change since the late 1980s.

The site is fully unionised amongst the 'blue-collar' workforce and has traditionally been a 'closed shop'. Contractors typically make arrangements to join the union for the period of their contract. During induction, contractors are informed that they are entitled to receive the pay and conditions equivalent to those of permanent employees and are informed by the union delegate of the advantages of union membership. According to the union delegate labour-hire contractors invariably agree to join the union for the period of their work on site.

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Use of labour hire

The shipyard uses contractors in two main ways:

- To cover peak demand: this could include jobs of any size. This is largely through the use of labour-hire tradespeople as supplementary labour. Labour-hire tradespeople will be brought in periodically on the basis of weekly or even daily hire and might be called in for periods ranging from few days to a few months.
- Contracting-out discrete projects or parcels of work: this occurs when the shipyard does not have the required skills or experience in-house to make it feasible for them to take it on, or where it would be difficult to easily obtain the necessary labour through labour hire (examples might include overhauls of diesel engines, blasting and painting jobs). The shipyard management commented that it is often easier to contract out the entire job, rather than supervise a mix of permanent and contract workers.

Labour hire is used because it is considered cost-effective in a highly competitive environment and avoids employing a permanent workforce which is only fully utilised during peak workload periods. However, the human resource manager was keen to stress that cost was not the only consideration. The shipyard prefers to build longer-term, preferential relationships with specific labour suppliers who *understand the shipyard's needs*. Management was understandably concerned to be able to get sufficiently skilled tradespeople on site, especially given the specialist skills often demanded in marine engineering and were prepared to pay something of a premium to a trusted labour-hire supplier rather than always seeking the lowest cost labour that might be available.

The union expressed a different but not inconsistent view. The union representative commented that they had always insisted to management that the shipyard used only labour from labour-hire companies that at least had an agreement with a union. The HR manager noted that there were three labour-hire companies that were routinely used by the shipyard, all of them established labour-hire operators.

The union delegate commented that the use of labour-hire contractors on the shipyard site had been reasonably well regulated through the application of a series of conditions which the union had negotiated with management for the use of labour hire:

- Before engaging any labour-hire workers all existing permanent tradespeople must be fully utilised.
- Labour-hire workers must be union members before being allowed on-site.
- Appropriate and equivalent wage rates and allowances equivalent to the conditions enjoyed by the permanent workforce must be paid to labour-hire workers.
- Labour-hire workers should come from the union-acceptable list of labour-hire companies.
- All labour-hire contractors must have had the appropriate OH&S training and safety induction specific to the site.
- Quality standards expected of labour-hire workers must be the same as those expected of permanent employees.

The shipyard's enterprise agreement defines the terms under which contract labour can be engaged:

- The parties to this agreement are the management and the unions (represented by the combined unions shop committee) within the shipyard's operations, Marine.
- It is agreed that contractors will not be used specifically to reduce the shipyard operations, marine workforce, contractors will essentially be used to meet peak workload demands and to supplement the workforce.
- Employment levels will be reviewed on a quarterly basis and discussed with the Facility Consultative Committee (FCC) in line with the project work load. Barring any

unforeseen circumstances, which would in any case be discussed with the FCC, manning to those levels may occur.

- Where one month 'look ahead' resource availability schedules indicate a labour shortfall, marketing/project managers will be able to select and award contracts to reputable contractors.
- It is agreed that contractors' (whether it be for sub-contract work or labour hire) employees will be required to possess the appropriate qualifications. Contracts will indicate this requirement.
- It is agreed that the shipyard will inform prospective contractors of its policy to encourage appropriate union membership and that generally the shipyard employees are union members.
- The shipyard's contracts will require that appropriate award conditions and rates must be paid. This includes any award superannuation payments. However, the enforcement is largely a matter between the contractor's employees, their unions and the contractor.
- For both sub-contract work and labour-hire shipyard operations, Marine will establish a panel of reputable companies. Where possible work will be awarded to these preferred contractors.
- It is agreed that contractors will be required to undertake the shipyard safety induction program as well as comply with site-safety requirements.
- Labour-hire employees will be required to work to the same quality standards as the shipyard operations, marine employees. In the case of sub-contract packages we would be seeking in the future to engage contractors who are qualified to the same quality standards as ourselves. There is a very strong incentive for this to occur as the shipyard has to absorb the cost of ensuring compliance for contractors who are not qualified.
- It is agreed that appropriate consultation will occur prior to contracts being let and work commencing. Agreement to be reached within two working days maximum and shall not be withheld without reasonable justification.
- Where standing service contracts are in place, the customer will be allowed to have this work undertaken on the shipyard site. These requirements will be reviewed with the marine workforce representatives with the intent of providing increased flexibility for the customer.
- The shipyard will plan to maximise utilisation of our workforce.

Management was keen to stress that the biggest advantage of labour hire was *the flexibility it affords, which is essential in a volatile demand environment*. The biggest disadvantage with the use of labour hire was seen to be the fact that it is sometimes difficult to secure adequately skilled labour; *...you can't always be certain that you will be able to access high quality labour, especially when you may be competing with other projects.*

Background

Prior to 1989, the shipyard operated as a dockyard exclusively for the RAN. In 1989, the shipyard became a government-owned corporation, and began seeking commercial contracts outside the RAN.

In the early 1990s, it became clear that the shipyard would have to start attracting commercial work in order to remain viable. Senior management at the shipyard implemented a restructure of the organisation that targeted three main areas of perceived inefficiency.

The workforce was downsized. (The shipyard has in fact been downsized six or seven times since 1990). From a peak workforce of approximately 2000, the shipyard now has 300 employees (130 tradespeople and 20 trade assistants). All tradespeople and trades assistants are employed as full-time permanents. Some labourers and support staff are employed on a casual basis.

Some labourers and support staff are employed on a casual basis. There are a small number of fixed-term employees (three) all others are permanent employees supplemented by labour hire.

Instead of employing such a large range and number of skilled tradespeople, the shipyard decided to use labour hire extensively as a source of skilled labour to supplement the existing core workforce; that is, the shipyard maintains a core of staff in the essential trades, supplemented by labour hire as necessary. For example, in 1975, the shipyard had 350 fitters and 100 boilermakers. By 1999 these trades had been reduced to just 20 fitters and 25 boilermakers employed on a permanent basis. Some trades have disappeared from the permanent ranks altogether. Riggers, for example, are no longer employed by the shipyard. Tradespeople are expected to do at least some of their own rigging and multiskill into other trade and non-trade work.

'Multiskill' the existing workforce. In the wake of award restructuring the shipyard adopted the strategy of insisting that tradespeople and trades assistants did more of what was previously regarded as labouring work as part of their tasks. While this can be seen to be part of multiskilling and the removal of demarcations and restrictive work practices, others such as the union delegate saw it in terms of 'downskilling'.

The restructure of the shipyard means that the delivery of training on-site has also been remodelled. The shipyard had a skills training centre, with dedicated trainers who could provide a comprehensive introduction to the full range of trades practised on site. Apprentices would spend the first full 12 months of their apprenticeship being trained in the centre. In the second, third and fourth years of their apprenticeship they would then be given the opportunity to work in different operational departments on rotation, learning skills in a broad range of work settings. In 1995, the shipyard made the decision that it could no longer afford to operate the training centre and it was closed down.

Industry context

The provision of construction, refurbishment and maintenance services in the marine engineering industry demands adherence to a specific and stringent set of standards. The services provided by the shipyard are in a highly specialised part of the heavy engineering market. Skills sought through labour hire must be assessed according to specific industry standards. All new workers (labour-hire contractors included) need to demonstrate their capability to meet those standards. Specialist welders are put through a qualification test on site that is run over three days, and, if they fail the test then they are either sent back to the labour-hire provider or trained on site to meet the standard. The shipyard management expressed general satisfaction with the quality of tradespeople provided through their labour-hire suppliers; however, it is important to note that many of the contractors used have had previous experience at the shipyard. The union was less positive about the standard of labour-hire workers. While conceding that many who were familiar with the industry and processes at the shipyard had good skills, it was the delegate's view that many who had never worked in marine engineering before did not have adequate skills or experience and on occasion had to be sent back to the labour-hire companies.

Training provision

The training tradition at the shipyard is particularly strong, and comments by the HR manager confirmed that the shipyard was still keen to maintain this tradition, despite the challenging environment induced by a series of downsizings.

In the 1970s the shipyard routinely employed over 100 apprentices across a wide range of trades. At the time of interview the shipyard employed eighteen apprentices. No new apprentices had been taken on in the last two years. The union argued that the decline in apprentices is not directly related to the use of labour hire, but best explained by the decline in employment in the sector, and the downturn in demand for the shipyard's services. Similarly, the HR manager argued that it was very difficult to justify taking on a large

number of apprentices in conditions of considerable uncertainty surrounding the future viability of the shipyards.

The restructure of the shipyard has meant that many highly specialised tradespeople are no longer part of the permanent (core) workforce. Patternmakers, bricklayers, flagmakers and blacksmiths, for example, no longer exist on site. The decline in the range of trades represented amongst the core workforce, and in the number of other tradespeople on site has also limited the range of trade experience that can be gained by apprentices at the shipyard. Again, to some degree, skills increasingly tend to be 'hired-in' rather than developed in-house. Alternatively, jobs requiring highly specialised skills tend to be outsourced rather than performed in-house.

At time of interview it was planned that the shipyard would be taking on five apprentices for the year 2000 (2 fitters, 1 boilermaker, 1 electrician and 1 joiner). HR saw this as important in terms of demonstrating an ongoing commitment to the industry and to the training of apprentices.

Skill shortages were not a significant problem in the current climate where there was very little work on stream, although the HR manager accepted that there would be problems if there was an significant upturn. For example, it was noted that in the last 12 months there had been increasing complaints from sheet metal workers that it was very difficult to find skilled trades workers in that area. The shipyard had also experienced some problems getting joiners, specialist fitters (especially diesel fitters), boilermakers and those with specialist welding skills.

The shipyard is intending to use the services of a group training company (GTC) for the first time in the year 2000. Future apprentices will attend GTC training for six months. All shipyard apprentices will attend TAFE to secure their trade certificate in support of trade indentures. Management is keen to build a long-term relationship with the GTC. The restructuring process is an ongoing one, and at interview management reflected on how downsizing had impacted on training infrastructure within the firm. In hindsight there was some recognition that the company had the opportunity to play a more pro-active role in training and in the provision of skilled flexible labour: *We should have more seriously considered using our established training infrastructure, reputation and skills base to become a group training company. Alternatively, there is no reason why we could not have formed our own labour-hire division.*

Conclusion

The shipyard uses a mix of strategies: labour-hire labour is constantly used to provide a flexible workforce that can be relatively easily brought on and off and discrete parcels of work are often contracted-out. In both cases it is apparent that the need for full-time, parmanent in-house employees has declined. The use of non-standard labour and the decline of the training commitment were seen by both informants as symptomatic of this more general decline in the fortunes of the shipyard rather than as simply and directly related. Nevertheless, the extent of training undertaken by the shipyard had collapsed—once a major employer and trainer of skilled trades apprentices, the organisation has now not taken on an apprentice for two years. While clearly not the major cause for much of the decline in training, the labour-hire strategy and outsourcing strategies used by the shipyard had further reduced its inclination to train as skills could now be outsourced or hired-in. It is unclear how long this external pool of skilled tradespeople will remain available, although the management conceded that it was already sometimes difficult to gain easy access to the required skills.

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Case studies of labour-hire companies and outsourced service providers

Case study 1: Icon Recruitment Pty Ltd

Interviewees

The Chief Executive Officer and the National Manager, Pro-Active Recruitment were interviewed.

Profile

Icon is an information technology recruitment company with offices in Melbourne, Sydney, Brisbane, Adelaide, Perth, Canberra, New Zealand, India and South-East Asia. The company is owned by Adecco, the world's largest recruitment and flexible labour supply company. Icon currently manages approximately 1700 IT consultants and contractors working at all levels of the industry from help desk staff to project directors. The company was formed in 1989 and has traded as Icon since 1997. It was acquired by Adecco about two and a half years ago.

Operation

Icon currently bills approximately $A220 million worth of work per annum throughout the region. There are two main sources of income: recruitment and placement of permanents (under these arrangements Icon will typically ...in its fee through a percentage of a placed employee's salary); and the provision of flexible labour (under these arrangements workers are engaged by Icon and supplied to clients on a contract basis). The IT labour market continues to be characterised by very strong growth. Demand continues to outstrip supply to the extent that the IT Skills Task Force has recently argued that within two years the IT skills shortage will reach approximately 80 000 and hit 160 000 with five years.

Icon sees its role as managing IT contractors and directing them to assignments as a flexible workforce. In this sense Icon parallels more orthodox labour-hire companies (such as Adecco Industrial for example). Icon does not employ its flexible workforce as employees but rather as IT contractors registered with Icon. The company validates their skills and offers them assignment placements according to client demand. Icon sees them as 'independent contractors' because they are not compelled to work only for Icon, and, given the nature of the IT labour market, most skilled contractors are able to exercise a high degree of independence.

Given the very high incidence of contract work amongst IT professionals much of Icon's recruitment and placement work is necessarily similar to labour-hire contracting. A client will request IT labour from Icon for an assignment (or assignments) of perhaps three, six or twelve months, Icon will identify suitable candidates on its register and provide the labour to the client on a contract basis. The IT contractors working on the assignment are paid by Icon. While this has traditionally been the basis of employment and engagement used by Icon there has recently been a move to place more IT professionals on a permanent basis. According to Icon, clients are increasingly seeking permanent employees, especially in new technology areas. Clients tend to believe that a full-time permanent employee will stay with the firm longer and will thereby enable them to secure the skills they require for longer. However, according to Icon management, this perception may be misconceived; in their words *nothing is less permanent than permanent*. Permanents might be expected to stay with the firm for five years but will often leave after two or three years resulting in significant employer disappointment. However, under a contract, workers rarely breach the terms of the contract and other employers rarely attempt to poach a worker while on contract.

Pro-active recruitment and training

The Pro-Active Recruitment section of the Icon business constitutes an important and emerging dimension of Icon's operations and services. It constitutes one of the few examples in Australian industry of a commercial operation that combines recruitment, flexible labour hire and the facilitation of training. The Pro-Active Recruitment section was set up by Icon in response to a number of characteristics of the labour market and the commercial environment faced by the company and its clients:

- persistent skill shortages across IT in general
- the failure of traditional recruitment methods to meet the needs of clients for certain sorts of IT labour
- the fast pace of technological change implying that new skill demands are constantly emerging and changing
- inadequate pro-active training being provided by university or TAFE sectors
- the inability of job-seekers to predict future skill demands and so access the training in skills likely to be in strong demand in the near future

Pro-Active Recruitment specialises in identifying emerging IT skill areas characterised by strong client demand, identifying 'close to fit' candidates and facilitating their training to 'top-up' their skills so that they are ready for placement. *We take a near-fit candidate and train them so that they are suitable for placement with the client*. The ability of Icon to provide this service efficiently is dependent on the quality of its labour market information which gives it the capacity to accurately predict precise skill areas that are likely to be in strong demand and weak supply in the medium to short-term. Icon, in conjunction with a private research company, produces an IT trend index which analyses employment trends across the IT sector as means of predicting areas of future demand.

The Pro-Active Recruitment manager provided a recent example. Clients had been expressing to Icon the difficulties they had been encountering recruiting 'testers' to undertake the testing and trialing of newly installed or developed systems. Many of the testers that were being hired were proving to be less than ideal. Recognising an area of emerging and significant need the Pro-Active Recruitment manager undertook a comprehensive profiling of the skills and abilities required by testers. Recognising the importance of analytical and problem-solving abilities to the tester's role, Pro-Active Recruitment identified university arts graduates as possible candidates, tested them for their creative problem-solving abilities and put them through a specially designed training program to equip them with the skills to be testers. As a result Icon was able to place 120 graduates as testers, the vast majority of them coming from backgrounds that were not strong in IT.

As a result of this highly successful pro-active program Icon had developed similar focussed training and recruitment programs for business analysts and systems analysts, PC support and helpdesk technicians and for Microsoft certified solution developers. Business analysts and systems analysts continue to be in high demand. PC support and helpdesk staff are also always needed by a wide variety of clients. Microsoft certified solutions developers were identified as a strong growth area especially where the profile included skills in dealing with the latest internet interfacing tools.

Icon does not see its core business as including training provision. Icon enters into partnerships with various different private training providers to deliver customised training programs that are tailored to client needs. For example, in facilitating the training of the testers, Icon engaged an education curriculum developer to develop courseware under licence to Icon. While Icon's approach to training facilitation clearly represents a novel approach to developing 'total solutions' to skill shortages in IT, commercial realities prevent Icon from being able to fully pre-empt emerging skills shortages. In other words, Icon feels compelled to respond to expressed client needs for skills rather than using its data and expertise to predict future skill shortages. Nevertheless, Icon's Pro-Active Recruitment initiative is one of the few examples of the labour-hire industry actively engaging in training.

The IT labour and training market

The current IT training market is characterised by a relatively high level of employer spending: it is estimated that around 8 per cent of IT budgets are currently spent on training. Large employers tend to spend more on training, although the small-to-medium enterprises (SMEs) tends to be more attractive environments for IT professionals with some experience. As a result, the SMEs tend to use the large employers as skilled worker farms. The loss of training investment consequently suffered by large employers constitutes a major burden for them. Rather than persisting with employing IT professionals on a permanent basis Icon predicts that they will increasingly need to move to medium to long-term contracts with strong incentives for staying with the organisation. *Rather than employing someone on a permanent basis and getting disappointed when they leave after 12–18 months, many employers would be better off engaging key staff on longer-term, two-to-three-year contracts with golden handcuffs.*

The image of the IT labour market suggested by the Icon experience is of a highly and increasingly fragmented one characterised by high mobility, constant change and relatively weak or at least contingent ties between individual workers and their employers. In Icon's view employment relations (or perhaps, more accurately, 'engagement relations') cannot be seen by IT employers to be based on loyalty. Workers see *loyalty as reciprocal and will be loyal to the organisation only as long as it is loyal to them.* This has implications for employers, workers and training. It means that workers must be prepared for different forms of engagement and be prepared to take responsibility for their own training. It also means that the skills required of workers in IT are increasingly focussed on the so-called soft skills—communication, project management, strong client focus etc. In the opinion of Icon management, training providers and facilitators must recognise this and be prepared to predict and anticipate future hard skills needs. Clearly this is an area where Icon sees itself as having a major role—being able to identify emerging skills areas, identifying 'close to fit' candidates and advising them on how to augment their current skills profile with the required skills rather than seeking to train people from the ground up.

Envisaged this way, the IT labour and training market is relatively poorly served by many of the existing institutions and practices. Many employers report relatively low enthusiasm for recruiting university or TAFE graduates with little industry experience and no vendor-endorsed certification. Icon sees its own pro-active recruitment model as being able to overcome elements of the very reactive approach to training that has been the tradition in the industry.

Conclusion

The Icon case demonstrates that it is possible, under certain circumstances, for labour-hire companies to invest in training. In Icon's case some training of their contractors was feasible because the labour market for many IT professionals is so tight This is because some IT skills are in such high demand and because skilled IT placements are so valuable that clients are prepared to pay a sufficiently high premium to allow the labour-hire company to recoup its training investment directly from the client while maintaining its profit margin. Having said that, Icon's training is still generally restricted to 'near-fit' training where candidates are close to being fully skilled and where the training is highly task-specific.

Case study 2: Telco Labour Hire

Interviewees

The National Human Resources Manager and the Training Manager were both interviewed.

Profile

Telco Labour Hire is a labour-hire firm, servicing the needs of telecommunication and power industry clients. The following services are offered by Telco Labour Hire:

- supplementary labour

- project services
- technical and trade services
- professional services
- information Technology services
- power services
- network maintenance and facilities management
- construction services
- residential customer services

Telco Labour Hire provides appropriately skilled personnel for installing, servicing, maintaining and operating communication and power systems. Project services are a core and growing part of Telco Labour Hire's business, and have been developed to support industry restructuring. For this service, Telco Labour Hire manages a discrete project or function and provides labour to execute the project.

Background

Telco Labour Hire was established in the early 1990s, and emerged specifically to meet the growing need for labour hire in the telecommunications industry. In the early days of operation, Telco Labour Hire directly supplied supplementary labour to client firms. In other words, individuals or teams would be supplied to client firms for specific tasks, often during peak periods of operation.

In recent years, Telco Labour Hire has focussed more on contracting for turn-key project management (that is, taking responsibility for costing and managing a discrete project from start to finish). Telco Labour Hire believes that this strategy more effectively taps into the needs of a deregulated telecommunications industry, and the downsizing trend within some of the big operators.

It is better for us in the long-term to be involved in the bigger projects, even though it is more risky. There is more project management skill required and we have to take responsibility if a project runs over deadline.

The profile of Telco Labour Hire has transformed dramatically since the company's inception. In the beginning, supplementary labour comprised approximately 80 per cent of Telco Labour Hire's business, while it now comprises 15 per cent.

Skill levels of supplementary labour

Telco Labour Hire provide supplementary labour in five main areas, although they specialise in a number of key areas, particularly jointing and advanced jointing (see below).

Job	Description	Skill level
Labourer	Pit and pipe work	Only basic training required
Jointer	Simple connection and installation	With electrical training, approximately 4 weeks intensive training required.
Advanced jointer	Able to connect and install large and more complex joints (200 pair cable and rejoint)	Telco specialise in the provision of these skills.
Optical jointers	Able to connect and install fibre optic cable	Highly specialised
Team leaders, engineers, managers	Site and project management or contract engineers to provide network & planning advice	Requires high level of management and supervision skills, and telecommunication expertise

Nature of projects in telecommunications

There are three main telecommunication networks operating currently in Australia. Telco Labour Hire has provided supplementary labour and/or project management services for two of these networks.

Public switch telephone network (PSTN)

The PSTN is telecommunication infrastructure for local and international telephone calls. The network includes all of the hard cabling between central and suburban exchanges, to the distribution network, to the pillar (cement pole with hundreds of connections passing through), to the pit (the underground trench outside the home or business), and finally to the actual phone connection inside the residence. Installing, connecting and maintaining the PSTN requires large amounts of skilled labour (for example, there are 46 exchanges in NSW alone). Telco Labour Hire has won contracts to manage the installation and connection of the PSTN in specific geographic areas. Part of this management includes the provision of appropriately skilled labour to actually conduct the work.

Broadband network

The broadband network is the telecommunication infrastructure for pay television. This network operates differently to the PSTN because it uses 'repeaters'. This means that the exchanges and pillars used for the standard telephone network can be bypassed. The connection for pay TV still terminates at the same pit as the PSTN (underground trench outside the home or business). A separate cable is then run into the house for the cable TV connection. Telco Labour Hire was commissioned by a major client to find 1100 appropriately skilled people, and took responsibility for hiring people into these jobs.

The GSM or network infrastructure for mobile phones

Telco Labour Hire has been less involved in this part of the market, to date.

Turn-key management of projects

Telco Labour Hire has provided turn-key management across the three types of telecommunication networks (PSTN, broadband & GSM). The table below shows the spread of Telco Labour Hire's work.

Turn-key management in three main areas of network operation

Task	PSTN	Broadband	GSM
Construction	✗	✔	✔
Installation/connection	✔	✔	✗
Maintenance	✗	✔	✗

The decision to use Telco Labour-hire employees or sub-contractors depends on the individual requirements of the project. For example, all of the installation and connection work for the PSTN is performed by Telco Labour-hire employees. There are sensitivities associated with using contract labour in this case (for example, there is a requirement to wear a uniform), so Telco Labour Hire are reluctant to sub-contract again. The majority of the employees recruited to work on the PSTN are ex-Telstra employees, because they have the greatest knowledge of the network.

For the installation of broadband, Telco Labour Hire used subcontractors.

We were losing money by using employees. The contracts were only on a six monthly basis. There were no guarantees of a full work load. We established that contractors are about 50–60 per cent of the cost of employees, so in order to remain competitive we brought in subcontractors.

Work practices

Like any labour-hire company, Telco Labour Hire is aware of 'staff-flight' (the risk of contract staff leaving to find opportunities elsewhere). This can be an acute problem, in an industry prone to skill shortages. To address these risks, Telco Labour Hire has a number of strategies and incentives in place to encourage appropriately skilled staff to remain with the company. As Telco Labour Hire describe it, they do not coerce staff, they cultivate a *bees to the honey culture*.

- Telco Labour Hire attempts to offer a slightly higher rate of pay than elsewhere. *We pay over-award in order to retain staff.*
- A redundancy fund is in place for permanent staff
- A retention bonus is paid ($1500 at 6 monthly intervals for 18 months). Staff with at least three years experience, and with skills in high demand (for example, advanced jointers) qualify for the bonus.
- Casual workers are offered 'permanency' for the life of the project or contract for which they are engaged. Telco Labour Hire has developed a middle-ground between permanent and casual working arrangements. This allows the company to maintain numerical flexibility, while offering casual workers better conditions and some security. Telco Labour Hire offers the conditions associated with permanent work (leave and other entitlements) to casual workers, for the life of the contract for which people are engaged. Approximately 70 per cent of Telco Labour Hire's workforce are permanently employed, 30 per cent are contract or casual.

Training

Telco Labour Hire has a dedicated training coordinator who oversees the provision of training (where necessary) and negotiates with the Telco Labour Hire preferred training providers (of which Telco Labour Hire has three providers in Sydney alone).

Telco Labour Hire is also actively trying to anticipate some areas of acute skills shortage, and has developed a number of strategies to address these. As one manager described it: *we just don't have the funds to do comprehensive gap analysis.* Nevertheless, Telco Labour Hire have been involved in a number of proactive training initiatives:

- Telco Labour Hire provides the funding for bridging courses, or broker the arrangement for a bridging course. This usually occurs when there is expectation of an ongoing (long-term) relationship with a client.
- An example would be 'jumper and test' work. In this case, the client required skilled technicians, yet none were immediately available. Telco Labour Hire initially approached the client to fund the training, and negotiated a solution (for example, a training program partly funded by client and Telco Labour Hire). In this case, 'bridging' courses are most appropriate (that is, courses that provide specific expertise or advanced knowledge to a technician already working in the field).
- The company identifies areas of significant (and ongoing) skill shortage and either jointly, or entirely, funds training provision.
- A client engaged Telco Labour Hire for a project requiring advanced jointers. Approximately twelve months ago, there was no training available for advanced jointing. (It would take two to three years to train 'beginners' up to the advanced level). Telco Labour Hire specifically recruited jointers who could be trained to the advanced level. In late 1998, Telco Labour Hire trained ten people over five weeks at the cost of $75 000 (this includes course costs, labour, and the loss of revenue due to the training).
- In another case, Telco Labour Hire attempted to address the skill shortage by taking fifty people 'off the streets' (those who had previous experience as electricians and who were interested in becoming jointers). Telco Labour Hire used this example to demonstrate the risk to their business when backing these training ventures: *This exercise was a moderate*

success in Sydney, however it was a failure in Victoria. We trained approximately 80 people and then we ultimately couldn't find the work for the amount of people we trained.

- Telco Labour Hire are joint partners in funding introductory training for people entering the industry, as a way to select and recruit trainees.
- In this case, Telco Labour Hire jointly funded an eight-week course in 'introduction to electrical engineering and communications'. Telco Labour Hire sponsored the last two weeks of the course, and agreed to hire eight to ten graduates at the end of the course.
- Provides Telco 'street-wise' on-the-job training for new technicians/trainees, in the form of a mentoring program.
- Trainees (newcomers) spend six weeks with a mentor to try and develop 'street-wise' knowledge of how to cope with problems in an urban environment. Telco Labour Hire regards this program as a success, however they believed the six weeks of mentoring was *still not long enough.*

Obstacles to training

The trend within large telecommunication companies to down-size and restructure has created development opportunities for Telco Labour Hire. Most importantly, redundant or 'down-sized' staff provide an 'easy' way for Telco Labour Hire to acquire skilled labour. A Telco Labour Hire coordinator of training described it in the following way:

Most people don't need too much training, although it does depend on their background of course. Ex-Telstra are the ideal people for us. About five years out, they've taken their redundancy, and they are looking to come back to the field.

Although Telco Labour Hire recognises the short-term benefit that can be made from acquiring these skilled staff, they are also aware of the training problems that the telecommunications industry faces in the long-term:

We are in a position where we are benefitting from the big training budgets of the government offices. Now the government departments are not training with the large budgets they once had, and are outsourcing so much. Labour hire is faced with a big problem as to how to find the skills required. We could be facing a chronic technical skills shortage down the track.

Telco Labour Hire argues that the 'big' training budgets of the large companies (for example, Telstra) provided thorough and comprehensive training of telecommunications technicians. The apprenticeship system ensured that technical staff are not just versed in the 'technology', but understand the infrastructure, the electrical theory and the ability to apply skills in a range of settings. A training co-ordinator from Telco Labour Hire described it in the following way:

Back in the old Telstra days, we did months, years of background training. Now there is a lack of electrical background. Courses have been condensed. You are just given a specific set of functions or activities. There is no theory behind any of it. ...Trainers and designers are an ageing and experienced group. The skills required to maintain the old technology are not being provided. It is not like a new car where you can just train someone in the new technology. Some of this equipment in the ground is 60 or 70 years old, that is not going to change, and we still need people who can service and maintain this.

Telco Labour Hire used the example of 'cable TV guys' to demonstrate. They argued that much of the training for these workers was very case-specific, so contractors would learn a series of steps but would not understand the reasons or implications of their actions, and could not 'problem-solve'.

Telco Labour Hire identified the short-term nature of contracts and projects as a significant obstacle for labour hire being an active partner in training arrangements.

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If they [the clients] are prepared to give us contracts of a 2 year or 3 year length, then we are there, we would finance some of the training. At the moment we just cannot get contracts long enough to justify the expense for us.

Training providers

Telco Labour Hire identified four key criteria in searching for training providers.

- Quick response: During the interview, Telco Labour Hire management stressed the importance of providers being able to respond quickly, at short notice. *I rang TAFE to discuss training, and I was told it was school holidays, so I should ring them back in a few weeks. We cannot operate like this, it is a competitive environment.*
- Quality: *To us, cost is not always important, quality is more important.* Telco Labour Hire stressed that their reputation for providing experienced and highly skilled labour had to be reinforced by the training providers chosen.
- Potential for close working relationship: Telco Labour Hire finds it most useful to have develop strong, and ongoing relationships with a small number of key training providers who understand the needs of the organisation.
- Flexibility: Training has to be flexible, to meet the needs of specific contracts. This may mean delivering only segments of a training course, or developing specific packages to meet the needs of the workforce and clients.

Conclusion

The Telco Labour Hire case demonstrates some of the difficulties encountered by labour-hire firms even where there is a commitment to training and an apparent need for more skilled workers in the labour market. The firm argued that it was unable to undertake a systematic skills audit because of a lack of resources. The firm was very conscious of the competition it faced even in a relatively specialised market where it was a leading player. Nevertheless, Telco Labour Hire was involved in a number of different training initiatives. Generally this involved 'near-fit' training where the skills of technicians could be fairly easily 'topped-up' to meet apparent market needs. This pro-active training had had mixed results. Telco Labour Hire was moving increasingly into turn-key project management, which was generally seen to afford greater opportunities for training. However, the short-term nature of many of these contracts continued to make it difficult for them to justify training.

Case study 3: Career Work Keys

Interviewees

Career Work Keys Executive Director, Chair of the Career Work Keys Board.

Profile

Career Work Keys (CWK) is a community-based labour-hire firm, operating in the central coast region of New South Wales. CWK commenced operations in February 1998 with funding assistance. Although CWK performs the same functions as a traditional labour-hire firm, it is different from most labour-hire operations. Firstly, it has a specific charter guiding its operations. Secondly, it receives subsidies from non-profit associations and the local government to support its activities. CWK is currently attempting to generate strong profit growth in order to finance development of the skills and education of its employees.

The organisation has a specific charter guiding its operations:

- to enhance the quality and value of part time and casual workers
- to enhance the quality and skill level of part time and casual workers
- to ensure the greater employment security of workers

The charter of CWK is deliberately geared towards meeting the needs of both employers and employees, while minimising the costs/disadvantages to either side.

Operation

In operation, CWK functions like a labour-hire firm. CWK provides labour-hire services to host employers in the central coast region. Employers are charged a tax-deductible administration fee, in addition to the salary entitlements of the employee. Upon receipt of timesheets, a seven-day invoice is sent to the host employer. CWK takes responsibility for all aspects of the employment relationship and entitlements eg payroll, workers' compensation and other paper work. For some organisations, CWK manages the weekly rostering arrangements as well. CWK's community-based charter means that the organisation offers services that conventional labour-hire companies may not. These services are described as 'social aspects of operation' or activities that do not generate profit, and are considered separately to the commercial activities of the business.

- Career strategy on the run: every employee receives a career-strategy interview which allows them to talk through their career aspirations, with CWK staff providing advice on strategy and options where possible. The CWK managing director describes it as 'career strategy on the run'.
- Initiatives to enhance employment security: although CWK relies on a constant stream of temporary employees to maintain the commercial side of the business, they still regard placement of employees in a permanent full time job as a 'success' and one of their fundamental goals of operation. CWK has developed an incentive scheme to encourage employers to take staff on a permanent basis called the 'temporary to permanent' service. Under this arrangement, CWK sends the employer a full-time temporary employee for three months. If, after the initial trial period, the employer decides to hire the CWK employee directly, there is no additional charge payable to CWK.
- Aggregation: CWK also provides an aggregation service. If employees wish to work full time, CWK will try to aggregate a full time work load by building several part time or casual jobs on top of each other in a week, month or year.

Background

The CWK project arose from a feasibility study, funded by the Dusseldorp Skills Forum (DSF)[1]. The central goal of the CWK, as defined by the steering committee is to:

...establish a labour pooling system which will concentrate on servicing the demand for part-time, casual and seasonal workers. Additionally the service expects to increase the amount of employment available to workers through careful management of demand...as well as increasing the employment potential for younger or less experienced workers.

Unlike traditional labour-hire operations, the CWK project emerged from a community desire to alleviate unemployment. The Central Coast was specifically chosen by DSF because the region has high unemployment, a high proportion of service workers, and a high proportion of young people. Goodwill from the local council bodies and a local employer ensured CWK could commence operations. The Central Coast Area Consultative Committee (CCACC) provided operating premises and office equipment, in addition to an establishment grant of $40 000. A local employer, with a large casual labour force agreed to employ its labour force through CWK.

Delivery of CWK services in the Central Coast area

CWK faces a number of challenges in maintaining commercial viability. The table below highlights how the nature of jobs available largely fall into low/medium-skill categories, with few medium/high-skill positions. Of the lower skilled jobs CWK organises, these tend to come from employers prepared to externalise their recruitment function. This is, obviously, one of the most unstable sources of vacancies in the labour market.

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[1] The DSF is a non-profit association that has a particular interest in developing the skills and learning of young people. The organisation aims to stimulate innovative educational developments, with a focus on the workforce as of key importance to Australia's development.

Career Work Keys: **Pattern of job type and skill level, by industry**

Industry	Job description											
	Low–medium skill									Medium–high skill		
	Admin/ Clerical	Cleaning	General maintenance	Order/ pack/ process	Labouring	Sales	Bar work	Waiting	Keno	Assembly & fitout-construc-tion	carpentry	Teaching
Hospitality		Y	Y				Y		Y			
Construction					Y					Y	Y	
Local government	Y											
Community services	Y		Y									
Retail trade	Y					Y						
Wholesale trade				Y								
Rec & personal services												Y
Business services	Y											
Education	Y	Y										
Manufacturing				Y								

Fulfilment of CWK's social objectives

Each month, CWK prepares a report for the CWK board detailing the social aspects of business performance for that month. As of October 1999, this is an innovation in the administration of CWK which highlights the recognition of the organisation that commercial activities are separate to social welfare or justice-oriented activities (includes training). *Although we are set up to train people, the board has come to the realisation that this just isn't going to be possible in the short-term* (Chair of CWK Board).

Although there is growing awareness among CWK management and board that they must be commercially viable, there is universal agreement that CWK is a labour-hire company with social justice objectives. CWK has many young clients and sees itself as playing an important role in helping unemployed and long-term unemployed people.

We want to keep these kids in a job. If something isn't working on-site, and say, a young fella just doesn't want to keep turning up for work. We go out on site and talk to management about how we could change things so maybe this fella will settle down. Maybe he's not getting on with his work mates, maybe he is finding the work too difficult. This young fella last week, he doesn't know it, but I am keeping him in work. All of this goes on behind the scenes.

Training provision for employee placements at CWK

The training that CWK employees have received in the first eighteen months of operation appears to comprise four main components:

- key work skills assessment (to which all employees are technically entitled, but because of limited funds only a proportion have received it)
- workplace-specific training (for example, induction training at specific workplaces which is provided by some host employers)
- a mentoring program whereby each CWK employee has the opportunity to be matched to a mentor. Only a small proportion of employees have chosen to participate
- formal CWK induction which includes three components: generic OH&S training (self-paced), background information about labour-hire arrangements and administration and a 'career guidance' interview with every employee

Key work skills (KWS) is an ongoing monitoring system for the attainment of skills. Every CWK employee completes a KWS form at the point of entry to CWK which documents their skills and qualifications. At three monthly intervals, host employers are asked to complete a KWS form for every CWK employee they have had on site. The system aims to capture any training that has occurred—on-the-job and more formal training. The system can also provide feedback to employees about their performance, and how well their skills are developing. The initial KWS form completed at the point of entry provides a base line.

Key work skills identifies 16 attributes. Each of these is rated on a five point scale (1 lowest, 5 highest, with some exceptions). The attributes are described as 'indicators of employability in most work settings'.

- attendance and punctuality
- appearance and presentation
- use of English
- honesty and trustworthiness
- safety and equipment use
- working with others
- communication and interpersonal skills
- supervision/reliability
- time management

- attitude to the job
- following directions and instructions
- initiative
- ability to learn
- positive self attitude
- quality of work

The chair of the CWK Board explains the system: *We do not see these systems as being at an end point—remember it is still early days for us—and we want the monitoring mechanisms to be in place so when we are in a position to follow through more fully on these issues—we can.*

Obstacles to training

Despite training and 'commitment to improving the quality of labour' featuring in CWK's key goals, training is underdeveloped in the organisation. In the first eighteen months, the organisation has been 'preoccupied with ensuring the future of the company' so it has been unable to make training a key priority.

CWK is operating in one of the most difficult sectors of the labour market since most of the work offered is unskilled or of a minimum skill level. In some cases, however, an employer specifically requests a qualified person (for example, a tradesperson) and CWK specifically recruits on that basis. Otherwise there is no incentive for the employer to want or need training.

CWK is keen to stress that, where the opportunity has presented itself, the organisation has 'brokered' accredited training for an employer. For example, a construction company required a person accredited with particular skills (for example, fork-lift driving), and CWK was not in a position to provide funding for someone to attain the accreditation. CWK negotiated a deal with the employer who agreed to pay for the training.

Unfortunately, we are not in a position because of the 'labour flow' problem, to have a pool of people trained and waiting for a job—we can't hold people—they will find permanent work and move on. In fact, if someone finds a permanent job we consider that a success (Executive Manager, CWK).

This raises one of the most crucial dilemmas faced by CWK—the high expectation of employers, and the unwillingness to provide or participate in training.

Most of our employers want a ready-made package that is to say, don't just give us the person, give us the person ready to go…or we don't want the forklift driver in a few months, we want the forklift driver now (Executive Manager—CWK).

Training, although a priority, is difficult for CWK to achieve, given their reliance on 'low skill' position placements for regular income. The chair of the CWK Board describes the dilemma facing the organisation:

We are facing a possible turning point—do we keep trying to cover so many industries or do we try to target particular industries that maybe have more specific skill requirements—do we become a specialised supplier? It is the high demand for the low-skill positions that keep us in business—it is a steady flow of work and helps us to finance the fulfilment of our social objectives. Stacking cartons, crushing cardboard boxes, fence painting—OK, we don't consider these ideal jobs but at least they are keeping someone in work. The time may come when we have to consider targeting particular industries because that maybe the only way we can become involved in areas requiring more training. We have started some way on this path by considering some areas where there are quantities of work sufficient to sustain a labour-hire company in the area and which provide a mix of lower- and medium-skilled positions. For example, we have just started providing services to a nursing home. There are a lot in the area—and this isn't going to change. They also provide the opportunity for us to provide services for them straight away, but further down the track we may be able to provide some of their more skilled personnel. We have actively sought out a nursing home, with the hope of developing experience in the area and recruiting more employers down the track. Ideally, I think a successful

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labour-hire business, with a conscience, is one in which you can do both—provide a mix of entry-level opportunities and help train them up, and provide opportunities for the already skilled, that is, a diverse client base.

Conclusion

CWK is thoroughly committed to enhancing the skills of workers seeking employment. While it operates as a labour-hire company CWK is distinctive in the prominence of its social role in the community. However, despite its commitment and its charter to assist workers, or job-seekers (especially those seeking part-time or casual employment), CWK has struggled to provide even modest levels of training. CWK does undertake some basic induction training and does provide some career counselling. It has, however, been unable to undertake skills assessment for most of its workers and few have apparently taken up the opportunity for mentoring. The difficulties faced by CWK in justifying training in a competitive environment are intensified by the relatively elementary skill level of most of the people it is seeking to place. As a result of an oversupply of lower-skilled job-seekers in the labour market, clients are typically not prepared to invest in any training or wait for a potential candidate to be trained before placement.

Models for innovative training practice in labour hire

Case study 1: Australian Industry Group Training Services Pty Ltd

Interviewees

The Project Co-ordinator of the Labour Hire Apprenticeship Program and the Manager of Manufacturers Group Training Services were interviewed.

Australian Industry Group Training Services

Australian Industry Group Training Services (AIGTS) operates an industry training centre which is recognised as a registered training organisation (RTO). It is operated by a peak employer association, the Australian Industry Group (AIG) and is designed to provide training, advice and services for the group's members. The training and skills centre was originally established by REPCO in the early 1960s and was acquired by the Australian Chamber of Manufactures in 1989. The centre houses an extensive skills workshop, training rooms and administration facilities. At time of interview it appeared likely that the training centre would be closing in the near future and re-locating to a TAFE. AIGTS currently has approximately 230 apprentices and trainees—most in engineering and electrical, some in office administration traineeships and 10 meat processing trainees.

AIGTS had recently been involved in a number of highly innovative programs aimed at increasing the number of apprenticeships and traineeships in the labour-hire industry.

Labour hire and training in the meat industry

The first of these innovative programs concerned the operations of a meat processing plant in a Victorian provincial centre. The meat processing company had outsourced all of its labour supply provision to a labour-hire company that became the employer for all 250 staff working at the plant. Manufacturing Group Training Services (MGTS) reached an agreement with the labour-hire company to train and provide apprentices for the plant. Trainees are indentured to MGTS for the first twelve months on a self-paced training program. The training is provided by the Australian Quarantine and Inspection Service (AQIS). All the training is workplace-based and, with the exception of the induction training, is all on-the-job training. After the completion of their first year the trainees are then indentured to the labour-hire employer as AQF III level meat processing trainees. The first group of ten trainees had just recently been transferred to the employer, who was so satisfied with the program that they have requested a further ten start the program in January 2000 and a further ten in July 2000.

MGTS effectively ensures that the labour-hire company can take on trainees with a full year of industry training experience, thereby eliminating many of the risks associated with undertaking entry-level training. MGTS is able to attract both Commonwealth Government funding and funding from the Victorian Office of Technical and Further Education (OTFE) to make this viable. As a result of the success of the program the labour-hire employer has sought to access further training opportunities for its existing workers. While there is normally no government funding available for existing employees it is possible to seek a $4000 incentive for trainees undertaking AQF III level training provided the course of training is at least 24 months in duration. As a result a further 40 employees were seeking to be taken on as trainees. However the strategy for getting these existing workers on traineeships had recently fallen foul of a ruling by the relevant New Apprenticeship Centre that the workers did not qualify for the government subsidy because the nominal period for the Meat Processing Traineeship was 18 months rather than the requisite 24 months.

The labour-hire company was encouraged to investigate these training options by a number of forces: a certain quota of trainees was stipulated in the enterprise bargaining agreement with the union. In order to secure and maintain ISO quality accreditation for export a certain level of training must be provided, and available government training incentives made it commercially viable for the company to take on trainees. Nevertheless, it was apparent that the training initiative would not have been undertaken if not for the role of AIGTS in advising the company and explaining the ways in which the training could be financed and facilitated.

Labour-hire apprenticeship scheme

It is the strong view of the Project Coordinator and the Manager of MGTS that the growth in labour hire has had a detrimental effect on the number and quality of apprenticeships available in the metal and engineering industries. Almost 40 members of the AIG who are labour-hire operators have formed a labour-hire group within the association. The AIGTS approached those members in late 1998 with the proposal that AIGTS would raise $200 000 to pilot an apprenticeship scheme for labour-hire companies. With the active financial assistance of ANTA and the Victorian OTFE the scheme commenced in July 1999.

Under the scheme the AIGTS has established two special six-month pre-employment training programs for 20 young people at the training centre. The metal and fabrication skills course runs for 26 weeks and involves 640 hours of training in the centre's workshop, laboratories and training rooms. The electrical skills training course runs for 20 weeks and involves 540 hours of training. After the first six months of operation, therefore, the scheme was seeking to place 20 apprentices with labour-hire firms with a second cohort of 20 apprentices coming on stream six months later. While certain labour-hire firms have indicated a willingness to consider taking on the apprentices after six months, many remained concerned at their ability to keep them on for the full period of their apprenticeship. As a result the AIGTS has offered the 'fallback' position that if they had to be released by the labour-hire company the apprentices could be taken on by the AIG's Group Training Company until they can be placed again with another (or the same) labour-hire company. While the program was still in its infancy at time of interview, there were signs that it has good prospects of success. With respect to the first cohort of 20 apprentices, the Project Manager had received labour-hire member commitments for over 20 placements. At the time of the site visit only 7 of the 20 had been placed as apprentices with labour-hire companies but the Project Manager was confident of being able to place the remaining trainees with other labour-hire firms.

While it was often remarked that the key to stimulating the commitment of the labour-hire industry to training lay with the large labour-hire operators, the Project Manager expressed greater optimism in the small-to-medium-sized labour-hire firms. It was his experience it was these more specialist companies that were often more likely to have a training workshop, an interest in developing a medium-to-long-term skills strategy and commitment to training. Within an industry structure such as the AIG he suggested that these SMEs had the opportunity to exploit the pooling strategies that were available through institutions such as the AIG's group training company.

The Project Manager of the pilot program and the Manager of MGTS have played key roles in seeing the opportunity for developing an innovative response to the problems of labour hire and training, especially in the high-skill electrical and engineering industries. In their view it is critical that the predicament of particular labour-hire employers be understood before attempting to design a training program for them.

Everyone has their own view and different things work for different people. It's important to tease out the details of what arrangements might be possible and to figure out how to come up with a deal that will work for the employer.

As that comment suggests they saw the role of adequate government incentives as absolutely critical to developing feasible initiatives. *OTFE and government training agencies need to provide the right incentives and they need to provide recognition to the right sorts of labour-hire companies who are prepared to do the right thing.* It was also important to recognise that *flexible training arrangements*—accelerated training, RPL, workplace-based training and assessment, user choice—were also critical to making training feasible for labour-hire companies.

In the view of the Project Manager, while a number of forces were able to motivate and stimulate the interest of labour-hire companies in training, the most important was probably the existence of training commitments and requirements within enterprise bargaining agreements. Faced with that obligation labour-hire employers were only then inclined to seek advice and assistance from the AIG and in turn from the AIGTS as to how training might be facilitated.

Case study 2: Comet Training Pty Ltd

Interviewee

The General Manager was interviewed.

Profile and operation

Comet Training has been fully operational for approximately three years. It was established by and is jointly owned by the CFMEU and the Master Builders' Association. Training in the construction industry was historically characterised by adversarial relations and Comet was an attempt to develop a more bipartisan, collaborative approach to vocational education and training.

The goal of Comet is to be a major training provider for the building and construction industry. In late 1996 the project managers for the Sydney Showground construction project invited consortiums to tender to provide training for the project. Comet also received funding from NSW DET to establish a skills centre. In February 1997 Comet won the Showgrounds tender. Comet was then involved in the development of the Building and Construction Training Initiative that was designed to ensure that the construction work for the Olympic site at Homebush could be undertaken without problems of skill shortages developing. Comet then acquired a property at Lidcombe and the skills centre was established. Between March 1997 and December 1997 1244 people were trained through the Skills Centre—a mix of both entry level training and skills enhancement.

According to the Manager, the Comet initiative was based on a belief that recognition of skills needs and training could not simply be left up to contractors in the industry. Rather than a demand-driven approach, Comet attempted to develop a supply-driven approach. Comet developed a training calender that was mapped against the construction process, identifying, for example, the skills that would be needed through particular phases of the process. The training calender was reviewed and amended on a monthly basis as training performance and skill needs were reviewed.

Comet's training performance was so strong that the Olympic Coordination Authority and the relevant project managers approached Comet to take over the training for several of the

main Olympic construction sites, including the Superdome and the International Broadcasting Centre. As a result, Comet received very high exposure very quickly.

Comet managed to place a number of trainees on these sites—15 on the Sydney Showground project including 8 ATSI trainees who are all still working in the industry. The Commonwealth Rehabilitation Service also approached Comet to seek training and placement for intellectually at risk youths. All ten from that program remain in apprenticeships or in employment.

Comet is a training provider that works in collaboration with employing head contractors and project managers, group training companies and TAFE:

For example, Comet has worked with the Master Plumbers' Association (MPA) and their group training or 'group apprenticeship' scheme. The MPA wanted a 'nursery' from which they could recruit apprentices. The program works with Comet developing and providing 190 hours of training as entry-level basic skills training (with NSW DET funding). Subsequently, the apprentices become indentured to the MPA with a view to being indentured to a permanent employer. Comet has also worked closely with the Master Painters' and Decorators' targeting school students from western Sydney, working with school careers advisers in promoting apprenticeships in the field. Comet is seeking to expand into carpentry, bricklaying, joinery.

It was clear that part of the advantage for Comet is based on its strong union credentials, so that where projects require union support, Comet is well positioned to act as a broker in the industry. Comet has also developed a strong relationship with major construction industry contractors. Comet has a board on which there are two representatives from the MBA and the CFMEU, but the general manager is responsible for the day-to-day administration of the company. Gradually Comet has been reducing its reliance on the Training Strategy funding and training revenue funding was over $1.1M for 1998–99.

One of the major concerns with labour hire in the building and construction industry is OH&S. According to the Manager, one of the major problems is that s.15(2)(c) of the NSW *Occupational health and safety act* 1983 does not apply to labour-hire firms. The section requires that an employer 'provide such information, instruction, training and supervision as may be necessary to ensure the health and safety at work of the employer's employees'. Comet has had some success with some labour-hire firms in establishing agreements. For example, one very large labour-hire firm and Comet have an agreement to comply with the Workcover requirement that all construction workers receive induction training. Comet was prepared to provide the necessary training, issue the Workcover certificate or Comet Card and thereby ensure compliance allowing employees of that labour-hire company on building sites.

According to the Comet manager, the decline in apprenticeships in the industry and the increasing use of labour hire are not necessarily directly related in any simple causal fashion; rather, they are both symptomatic of increasing cost pressures. This has been a historical problem in the industry. Principal contractors have traditionally made their margin by squeezing subcontractors, who in turn pass that 'squeeze' down the contracting line. For the manager, better supply chain and logistical management and stronger partnering arrangements between principal contractors and sub-contractors hold the key to improved performance.

Labour hire has meant that the industry has become less safe, key values in the industry have been lost, apprenticeships and traineeships have declined. It has also created a further catalyst for arguments about the need for the introduction of foreign labour.

The manager believed that there is a need for a co-ordinating body that that has the confidence of the main employer associations and the unions and is close to the existing group training scheme, but is charged with a much more pro-active and strategic responsibility—to co-ordinate entry-level training, identify skill needs and shortages, direct traineeships to the areas of need and ensure that parts of the industry and the skills pool does

not disappear every time there is a slump. In other words, he favoured the creation of a larger-scale GTC in competition with the labour-hire operators.

Conclusion

Much of the success of Comet may lie in its strategic position—being jointly funded by the union and the relevant employers' association. As a major provider of training to the industry, Comet has been able to place apprentices and trainees with building and construction contractors as well as supplying partially trained apprentices to group training companies and offering induction training for labour-hire firms. This case again underlines the need for industry-specific brokering bodies that are able to co-ordinate the training of non-standard workers and remove some of the disincentives for labour-hire companies and the employers of contractors.

Individual life histories: Casual workers, labour-hire workers and outsourced employees

Employees involved in an 'outsourced' arrangement

The following five interviews are with people who have been affected by 'outsourcing'.

The first three interviews are with employees of a savings bank ('the bank'). In this case, the bank decided to outsource a number of functions and employees to a bank service provider (BSP). The bank gave the 1500 employees affected the choice to remain bank employees, or become BSP employees. Approximately 100 employees chose to remain bank employees. Nathan and Amy decided to remain bank employees, and have worked as secondees to BSP. Mary decided to become a BSP employee, and has been with the company for two years. Our interviews come two years after the outsourcing occurred.

Amy: P.C. Consultant

Name	Amy
Age	31 years
Sex	F
Qualifications	No formal other than specific IT software and programs
Resident of	Sydney
Period of time in outsourced arrangement	2 years as a secondee to an outsourced services provider

Biographical details and early workforce experience

Amy completed Year 10 (4th form) and enrolled in a secretarial studies course in the early 1980s. After completing the course she applied for a job with the bank as a data entry operator (an advertised position). It was a condition of employment she could not apply for transfer or leave that position for two years. *It wasn't what I wanted, but security is very important to me, and I thought the position would ultimately lead to other things so I took it.*

After two years in this position, Amy started to look for transfers to other places within the bank. She got a position as a clerical administrative co-ordinator in the bank's national training centre. This centre organised and ran PC training programs for most bank staff nationally (it was in a period when the bank was switching from mainframe computers to PC computers). External training companies were brought in to do the training, but Amy and her manager organised delivery and managed all of the PC training needs. *I was there for 3*

years and I picked up some excellent PC skills in the course of my work. We were really proud of what we achieved, the manager and I worked closely together and built the centre from a 2 staff to a 10 staff-member operation.

After working in the training centre, Amy was looking for a further challenge. *I started to look for transfers elsewhere. Through word of mouth, a manager in the IT area called me and offered me a position as a PC consultant. I admitted I had no skills in the area but that I really wanted to give it a try. The manager agreed to give me a go.*

In this position, Amy developed skills in a wide range of multi-media areas: presentations, graphic design. *This was a very rewarding position and I worked there for 6 years.*

The outsourcing experience and the impact on training

About two-and-a-half to three years ago, the bank said it was too expensive to run the IT area, so they looked around for an outsourced company and found BSP. BSP made us all offers (IT technical staff, not the admin staff). The first time around everyone declined. The second time around, BSP made the offer a bit more attractive—people got an incentive bonus for becoming a BSP employee. The salary offer was pretty attractive, of course it was dependent on years of service and your level, but it was pretty good. I had just bought a house. There was no union and no security at the bank these things are very important to me, so I decided to wait and see how it worked out with BSP. The bank said we had the choice of becoming BSP employees. I wasn't sure what would happen to BSP so I decided to stick with the bank. At the time, bank management said to those of us who stayed: 'Your career path will be nothing. If you stay you will not be getting any further training'. I believed this was a scare tactic, to get us to move. Unfortunately, everything they said would happen did happen. I had a promotion in line before BSP came on the scene, and I didn't get that. I got no training in the 2 years I was seconded to the BSP. Trying to get anything out of HR was like getting blood out of a stone. The only training I had access to at BSP was on-line training. This is computer-based and involves sitting at a desk and reading. The bank washed their hands of us, took us out of the incentive structure; we had no targets or anything to meet. BSP staff as part of their agreement have a training and career path written down—although I am not sure what it covers exactly.

Amy claims that the bank indicated the offer to move to BSP would remain in place for 10 years—employees could move across at any time, but they would lose the incentive payment. BSP had a contract with the bank that they were not allowed to sack staff for two years.

After two years seconded to BSP, and her career appearing to be at a standstill, Amy's manager at the bank wrote to BSP requesting information about the training arrangements, promotional opportunities etc. *My manager wrote to BSP and they said 'well we don't pay your salary, so it is not our concern'. The bank said 'we can't give you a promotion because you don't have any performance indicators'.*

Future career plans

At the time of the interview, Amy had just resigned from her position with the bank. She was contemplating the options available to her, and felt angry that she had been essentially 'held back' by her situation for the past two years. *I am trying to start my life over, but I have taken a big setback in my career. In two years I did not learn a single thing. In IT this is a real setback, because I have not been trained or had access to new technology for 2 years. In IT if you don't keep pace with advancements in the technology in 6 months you're history—let alone 2 years! I will have to take a lower position than what I had—I could not get a job as a desktop publisher or graphic designer now.*

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Nathan: Database Administrator	
Name	Nathan
Age	34 years
Sex	M
Qualifications	Bachelor of Computer Science
Resident of	Sydney
Period of time in outsourced arrangement	2 years as a secondee to an outsourced services provider.

Biographical details and early workforce experience

Nathan completed high school in Brisbane, and commenced an engineering course at the University of Queensland. After a short period of time, he decided to change to computer science. Nathan graduated at 23 (working part time in his final year of university) and moved to Melbourne.

Nathan was employed by a marketing service bureau in the IT department, as a permanent employee. After 6 months, Nathan decided to apply for a permanent job with a bank. He stayed with this employer for four-and-a-half years, until they were taken over by 'the bank'. At the beginning of 1993, Nathan decided to move to Sydney as a bank employee, again in the IT department. Nathan is currently a bank employee, however he is a secondee to BSP (who are the outsourced supplier of IT services for the entire bank).

Nathan is a database administrator (specialising in Oracle).

Outsourced arrangement and impact on training

When the bank made the offer for IT staff to move to BSP, Nathan decided to remain with the bank. *I didn't like the rules at BSP, they seemed very strict—wouldn't allow you to have an outside job, and a few other things—they seemed very controlling.*

Nathan also believed the package offered by BSP was not attractive enough to justify leaving the bank

BSP only offered about $300 extra. Yes, it was a salary increase but I would lose out on other conditions—the employer contribution to superannuation would drop for example.

The bank made it clear that if we chose to stay, there would be no chance of getting a promotion and no training, and no future. ...They have used a combination of direct and indirect tactics to make it clear that we should not expect to have any future with the bank.

Since the outsourcing, the bank has reduced its training. I was lucky because I had a couple of courses booked and paid for before the whole BSP arrangement so I have had the chance to do some training.

Nathan's access to training has been limited since being seconded to BSP. Prior to the arrangement with an outsourced supplier, Nathan would usually attend about 7 days of vocational training, comprised of a mix of internal (bank) training courses, external courses (mainly with a software supplier), a conference each year (2 days) and some personal skills or consulting skills courses (3 days). Nathan has not received any training since being seconded to BSP, with the exception of the two courses that were booked well in advance (that is, prior to the outsourcing arrangement). *The bank is out to cut costs as much as possible, and it is a lot harder to get anything through.*

Nathan argued that part of the problem in training provision is the confusion caused by the blurring of responsibilities between the bank and BSP. For employees who have chosen to

move across to BSP, there is no confusion. For employees who have chosen to remain with the bank, and seconded to BSP, it is not clear who they should approach with regard to training issues and training requests. *I couldn't tell you who my manager works for. I kind of have two managers—one in the bank and the other in BSP—I am not sure exactly who I ask for material.*

Nathan has managed to attend some training with a software supplier, because of a sympathetic manager. *The ironic thing is that my manager at the bank is a contractor. He has allowed me to do a bit of training here and there.*

Future career plans

Nathan has decided to resign, but believes he is entitled to a retrenchment package (which the bank is not currently prepared to provide). *I am disappointed with the fact that the bank is not prepared to provide, what I think, is an entitlement.*

Nathan feels he has no future with the bank, and does not want to move to BSP. He wants to become an independent contractor in the future, and is seeking a retrenchment package from the bank to finance the establishment of his own business. *I thought at this stage in my career, and with my skills, I would have been close to getting a six-figure salary.*

Mary: Information Service Officer

Name	Mary
Age	27 years
Sex	F
Qualifications	HSC; Introduction to computing course—TAFE
Resident of	Sydney
Period of time in outsourced arrangement	2 years as an employee of an outsourced services provider

Biographical details and early workforce experience

Mary was born in Merrylands, and has lived there all her life. She finished her high school education, and applied for an advertised job with the bank in telling and general office work. Mary started in a small branch in the western suburbs of Sydney in 1990, and one year later was transferred to a larger branch, again in the western suburbs. Again, the work had a mix of telling and customers service.

I felt the job was going nowhere, and I didn't want to be doing this forever. There was no training because it was a very small branch. Every time I would approach the manager about training, he would say, 'there just isn't the money for that at the moment'. So I applied for a job with the 24-hour help desk. It offered good money and a change from what I was doing.

The job with the 24-hour EFTPOS help desk was a customer service job. Mary responded to customer queries about their accounts, and processed reports of lost or stolen cards. *The money for the help desk job was good, but after a couple of years I felt I was still not going anywhere.*

From the 24-hour EFTPOS help desk, Mary applied for a job with the autobank help desk—information services area. Although still a help desk or 'frontline' area, Mary dealt with internal bank branch requests for technical or 'information service' assistance (for example, assisting branches in solving problems with malfunctioning autobanks). All training for this position was on the job. Again, Mary was looking for new challenges. *I was really getting sick of shift work by that point, and I wanted to do something different.*

From autobank help desk, Mary transferred to problem management and reliability analysis section. Mary describes this as a *second level help desk for autobanks.* This position did not

require Mary to respond to problems 'on the spot' but focussed on wider analysis of autobanks with persisting problems or 'non-performing' autobanks. Mary had to diagnose technical and hardware problems with autobanks and develop solutions. Mary is still in the position of 'technical grade information services officer'.

Training

Since high school, Mary has completed a basic computing course at TAFE, in her 'own time'. Training for work has occurred largely on-the-job and 'informally'. Mary could not recall any specific vocational courses she may have attended.

The outsourcing arrangement and the impact on training

Mary decided to become a BSP employee. *We were told by the bank 'If you stay, you are not going to go anywhere, you won't do anything. You are stupid if you don't take these conditions.' The salary was pretty good, so I went.*

Mary has been with BSP for two years and does not feel that the move has had any significant impact on her access to training *I think BSP have been pretty good really, they seem to give you general support for the things you want to do.*

She did comment that BSP was not pro-active in their development of employees, and that individual employees needed to take the initiative or 'lobby' for training.

BSP offers heaps of opportunities for self-paced learning—Word and Excel, management and people development skills. The opportunities are there, you just have to take them. ...The only small thing I would say is different is that the responsibility is a bit more on the individual to take the initiative with training. It is mostly in-house training, and you really have be looking around for what you want and put the case forward yourself...before, the bank would direct you a bit more on what courses you should do. ...We have a development plan that is supposed to plot out what training you want or need for the coming year. At the end of the year you look at it, but it is really a piece of paper work. Not much comes out of it.

Future career plans

Mary intends waiting for her long service leave (which is due next year), and may resign in order to travel overseas. *There are things outside work that are more important to me than work...who knows, I might get out of the computer world and become a paramedic or something one day!*

I feel stagnated and I don't really know what I would like to do...I don't have the confidence to be a manager, and I don't want to be a manager. I am just a worker and that's what I want to be.

Ollie: Sales Consultant

Name	Ollie
Age	19
Sex	M
Qualifications	No formal
Resident of	Sydney
Period of time in outsourced arrangement	1 year

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Biographical details and early workforce experience

Ollie was born in Egypt and came to Australia with his parents when he was nine years old. He lived in Lakemba, and then moved to Campbelltown, completing his HSC at a public high school.

Ollie had no career goals, or plans, when he left high school. *My marks were not so good, and I didn't want to go to uni anyway. I thought it would be good to get into sales, because it is a way to make money.*

Ollie applied for an advertisement for a sales position with a marketing company. It is Ollie's job to sell products, and contracts for services (for example, pay television, telephone services, mobile phone services). The position has a small base wage, but Ollie relies largely on the commission he gets from product sales.

The outsourcing experience

The marketing company for which Ollie works provides sales and marketing services to larger companies. At the moment, they supply services to a telecommunications company. The telecommunications company *contracts our marketing company to sell their products, we cannot sell for anyone else or for any other companies; it is part of our contract. The (telecommunications company) has outsourced to one company exclusively—us.*

Ollie is responsible for sales in specific geographic areas, and has sales targets he has to meet.

We have targets for market penetration. So out of 100 houses that I door-knock for a sale, I have to get at least 10 per cent of those people to sign up for a contract…Most people get the 10 per cent. You get rewards if you get more than that…If you don't get the minimum, then next time you won't be given 100 houses, you might get only 50 houses, but most people get the 10 per cent.

The sales targets define Ollie's working arrangements. Ollie works around meeting his particular targets, and does not have any formal arrangement for sick or holiday leave.

The only contract where we actually discussed the conditions of the job was a contract saying I have to be honest with the customers, I can't go to work intoxicated, stuff like that. I had to sign that before I could start. The rest of the job is up to me to organise.

Training

The marketing company (the outsourced service provider) and the telecommunications company (the outsourcer) provided introductory training for Ollie. The training provided by the outsourcer was product knowledge training and sales technique. The marketing company provided an induction, and basic skills in presentation and selling.

I went to 3 days to introduce me to the firm. The marketing company paid for that. I also went to a sales course that [the telecommunications company] paid for us to attend. We learnt about their products and it trained us in a particular type of selling. An American took the course.

I haven't got any other training other than those two courses. But, what other training do I need? This isn't very hard work, it is not like you need a lot of skill or anything. And I don't want to do it forever…you do it for as long as you want to do it. The company isn't making me stay. If I don't want to do it, I don't do it.

Future career plans

As Ollie says, he has *not really begun to think about what he wants to do long-term. My dad owns a business, so I will probably end up working in that. But it is good to do something to make money for myself for a while.*

For the time being, he plans to stay in the sales field, and possibly move to a higher level of management. *I would like to control a team of sales people. Maybe not be the one knocking on the doors, but being responsible for a team of ten or twelve people in an area.*

Shane: Call Centre Consultant

Name	Shane
Age	30
Sex	M
Qualifications	None formal
Resident of	Sydney
Period of time in outsourced arrangement	Approximately 5 years (intermittently over a twelve-year period)

Biographical details and early workforce experience

Shane was born in Brisbane, and attended a public high school in the western suburbs. He wasn't sure what he would do when leaving school. *I liked the idea of working with people. I did a travel and tourism certificate at TAFE, because I thought that would give me good opportunities for work, because tourism was such a boom in Queensland at the time.*

Shane applied for a job with a travel agency, and after a short period of time he decided to travel overseas. When he returned from overseas, Shane decided to move to Sydney. Shane was twenty years old at the time. *The job opportunities were not great in Brisbane. Unless you want to work in the state public service, there isn't a lot of different jobs to do. I wanted a change. So, I decided I would go to Sydney, and try to find work when I got here.*

On arriving in Sydney, Shane almost immediately got a casual job, working for a travel agency. Over the next few years, he worked for a number of travel agencies. One of these jobs was permanent, for a small business in the eastern suburbs of Sydney. Shane stayed with this position for a year. *I liked working there, but it was a small business, so it didn't have a lot of money for training, for anything. I also worked with a lot of little old ladies, and I wanted to work with young people.* Formal training, provided by the employer, on how to operate a reservation/ticketing system called SABRE. *They had this system for economy and business class fares, so I had to know how to do it. It was essential. The company sent me on the course and paid for it.*

The outsourcing experience and training

Shane answered a job advertisement for a permanent job as a customer service operator. The company (for the purposes of this life history, we can call it 'Atlantic call centre) was an outsourced provider of services to a major domestic airline.

It was basically a call centre job but as an outbound operator. This was of course in the days before they were called 'call centres'. I had to look after the airline's key accounts. ...The ad stated that the position would lead to opportunities in the airline industry, as 'qualified airline personnel' so you could ultimately work for the main (client) company as an air steward or hostess. I thought this was great because it could give me formal training, and I could end up working for an airline. It would have been an excellent job.

Within weeks of starting work, Shane began to feel angry. He believed the job advertisement had been misleading, and that the career path was limited.

Our manager was from the airline, but all the other staff were Atlantic (call centre) employees. It was clear from the beginning that we had no connection to the airline, and that they had no interest in our development. During the time I worked there, I never heard of anyone transferring into the airline to work for them. Really, it was the cheapest way for the airline to farm out the work to Atlantic. We were just there because we were cheap. They made it clear they had no interest in us beyond that.

The reservation/ticketing system training was available through the Atlantic call centre. However, Shane had already received training from a previous employer, so did not attend. Atlantic also provided data-base training, which Shane attended for three to four days.

Shane left Atlantic after nine months. He answered an advertisement to supervise a data entry team for the Census. This job was for six months, on contract.

This job was great. The people were nice. I had a lot of responsibility, and the work was interesting'. Shane received two weeks of training in data-base operation. The only down side was that I had to supervise twelve people, and we had no training in management or supervision. Luckily I only ran into a handful of problems in the six months, but on the occasion I did ask about training they just said 'you've been hired on the basis of your capability, so just handle it. At the end of this contract, Shane was uncertain about his future: *I really liked that job, I only hoped it would lead to some permanent work, unfortunately it didn't. I applied, along with about 1000 other people for jobs in the public service. The competition was just too great.*

Shane applied for a job as a team leader, advertised in the paper, with the same call centre he had worked for previously—Atlantic. On this occasion, Atlantic had received a major government contract, and was recruiting approximately 200 people for the task.

I really hated that job. The call centre were really stingy with money. They had just plonked a lot of standard phones on little wooden desks. We were not linked to a computer system directly. We were each given a manual about the product, and pads and pens to take down details about the ordering. Then, all the details would be entered into the system later. It was a disaster, because of course, it was really busy and no-one had the time to enter the stuff into the system because they were so busy taking calls. We had to actually outsource that again for another company to do.

Shane was also angry because he believed Atlantic had not delivered on their promise to appoint him as a team leader.

When I arrived they just gave me a job on the phones. You know who they had appointed as team leaders? Backpackers! People with no experience, they didn't even know what they were doing! At interview, they said they would give me a team leader position.

Shane stayed with Atlantic for twelve months (until late 1998). He then decided to do something entirely different. He paid $250 to do the Auswim training course (which teaches you to be a swimming teacher). Shane worked at a local university, taking swimming classes, until September 1999. *I realised I couldn't do that forever, so I started looking around for more call centre work—I had experience doing this, so I thought I had a good chance of finding something.*

In October 1999, Shane was appointed as a call centre consultant, taking reservations for a group of hotels. He has been appointed on a permanent part-time basis. He commented that his current employer was attempting to cultivate a 'unique' culture in the workplace.

I have never worked for an organisation like this. They manage and own a whole range of hotels, and provide the reservation services for this group. They really believe the s...t they have been dealing out to us for the last eight weeks. They really believe their mission statement put it that way.

At the time of interview, Shane was in his final week of an eight-week training course.

We have team building days, exercises, workshops, the course co-ordinator keeps saying we should be thankful to God for having the opportunity to be here. It is really weird, they say it is training, but it is more about moulding people—like changing the way you think. We have to study our mission statement which has three parts. Integrity—reliability and loyalty. Enthusiasm—excellence in every action. Flexibility—to meet and exceed customer demand. Well, I found out what flexibility really meant. I had a roster from 2pm to 10pm, which means they would have to pay penalties for after six and everything. They changed it right at the last minute to a 7am to 3pm shift. I had already made plans based on that roster. I said 'why can't we change it back, I have arranged to do something on the morning you have me working?' They just said 'haven't you been taking notice of your mission statement? It is about flexibility, and you agreed to adhere to it. You are not taking flexibility very seriously are you?'

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Shane is guaranteed part-time work of 20 hours per week at a minimum. *At least with this job, I will have a guaranteed income, and then they roster extra hours, depending on volume…The pay is not very good. I get paid $13.60/hour and a bonus of $1500 a year.*

Future career plans

Shane is not happy with his current job. *I have almost dropped out so many times, but what else would I do? For the moment I will stick with it.* Shane has decided to study a 3D animation course, working with computerised art work. *There are a few things I could do, I have almost finished a communications degree. I started that a few years ago. Maybe I will go back and finish it.*

Employees involved in casual and contract employment

A wide cross-section of industry experience is covered in these life histories of casual and contract workers. These interviewees all have a direct working relationship with their employer (there is no labour hire or intermediary involved).

For some workers, casual work offers them diverse experiences and gives them flexibility. Molly works in the tourism industry, and Helena works in the health industry. Both of these workers indicated that they would prefer to have flexibility, and expect to take responsibility for their own training. For other workers, casual work has been taken because it is available, and perhaps because it is the most common arrangement for that industry. Craig has been a casual worker in the construction industry for more than 20 years. As he describes it, he 'sort of fell into casual work', however at 45 he is concerned about job security. Lisa works a 'permanent casual' in the child care sector. Her employers have made it clear that they need someone permanently, and that she can expect ongoing full-time work. However, she is employed under a casual working arrangement. This arrangements means that she must take responsibility for her own training.

Molly: Assistant diving instructor or 'dive controller'

Name	Molly
Age	28
Sex	F
Qualifications	Qualified dive controller, coxswain certificate (skipper of small vessels), TAFE Certificate II in Heritage and Interpretive Tourism
Resident of	Cairns
Period of time in casual work	Since entering the labour force in 1990

Biographical details and early workforce experience

Molly was born in Mackay in 1971, and moved to Brisbane in 1980. She completed grade 12 at a public high school in the inner suburbs of Brisbane.

In 1989, Molly enrolled in a Bachelor of Science course at Griffith University. *The first semester was OK, but by the end of year I really hated the course. I found it very overwhelming—the classes were too big and there were no opportunities to ask questions. I found it difficult to keep up.* Molly enrolled in the course because she cared about the environment, however she felt the course had a 'dispassionate' attitude to heritage and preservation issues and made her feel 'cynical'.

According to my lecturers, it seemed like everything related back to politics and I just wasn't interested in this. I don't really want to come to the realisation that you can't save significant pieces of land

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unless you become friends with politicians. The career days also disillusioned me, past students came back and they all worked for mining companies doing impact assessments. I did not want to do that.

After this experience, Molly was unsure what to do. She did not see any work opportunities in Brisbane that allowed her to work in the areas of environmental preservation.

I left Brisbane, and got a job in Stanthorpe packing fruit, just to get away from the whole uni experience for a couple of months. In the beginning of 1990, my mum re-enrolled me at uni, whether I wanted to go or not. I went for a week and I couldn't stand it, so I didn't go.

Molly felt she had to do 'something', so she returned to Brisbane for better job opportunities.

I went to do a bar and waitressing course through Brisbane Hospitality College and got a certificate. My mum paid for the course. There were no guarantees of work, but the college had contacts with the industry and they agreed to pass on work as it came along. I got a string of casual jobs, working for functions and stuff like that, out of that course.

I also tried to do a certificate in hotel management at Southbank TAFE. I was pretty keen on the idea, well, more keen than I was on anything else at the time. I stayed for a day, and walked out. I just couldn't take it. I just couldn't hack the idea of having to wear high heels and make-up every day: appearances were very important in the industry. That is just not for me. I was on the dole for the rest of that year.

Between 1991 and 1993, Molly spent most of the time overseas travelling. Through a girl guide international aid program (in conjunction with UNICEF) Molly travelled to Bangladesh, then travelled as a backpacker in other parts of Asia.

When Molly returned from overseas, she didn't want to stay in Brisbane. She was unhappy with living in a city, and wanted to return to a country town, similar to where she grew up. Molly moved to Innisfail with her partner, and took the only available work—packing bananas.

My dole was cut off when I moved because unemployment is higher in Innisfail than Brisbane. I got paid $8 an hour, and worked a 40-hour week. For that job, I actually got 2 days training. You had to know how to pack the bananas properly so they wouldn't bruise—based on box type, size and type of banana and box weight. Believe it or not, I got more training from the boss on that job than in just about any other job I have ever had.

From 1994 to 1996, Molly worked in a range of casual jobs in the local area: for a tourist boat at Mission beach, a backpackers and take away shop in Cairns and the markets in Kuranda.

In 1997, Molly travelled overseas, backpacking through Israel and working in hotels. When Molly returned home, she wanted to do some kind of formal training in the field of ecology, the environment and preservation. *It hit me, I was 26 years old, and I had got no further than when I left school—I had no qualifications. I knew I had to make some changes.*

Molly sets a career goal

In January 1998, Molly enrolled in a Certificate II in Heritage and Interpretive Tourism at Sunshine Beach TAFE (near Noosa), the course took 6 months to complete full time. *I knew with this course, I was heading down the right track. I got training on developing and presenting tours on eco-tourism, even historical buildings. It emphasised the environment and its preservation and I really liked that.*

In July 1998, Molly moved up to North Queensland again, in search of work. She worked on a bird-watching retreat in the Pascoe River, in Cape York for a short period of time. At the end of 1998, Molly moved to Cairns and immediately got a job with a company operating tours on the reef. *It was a casual job, but that makes absolutely no difference here. All jobs are casual. In fact, I don't know of anyone who has a permanent job working in tourism in Cairns.*

Molly worked as a 'hostie' or hostess on a boat doing tours of the reef. This means a bit of everything—managing staff, supervising people snorkelling on the reef, ordering stock,

organising lunches for customers. *I have now been doing this job for 18 months. To get the job, I needed to have a number of certificates which I went and got the training for, and paid for myself. The rest of the training, more specific stuff about the actual operation of the particular boat was all on-the-job.*

Molly has continued to study at TAFE, completing units in marine preservation and eco-tourism, to build on her Certificate II in Heritage and Interpretive Tourism.

Training

In addition to the completion of Molly's TAFE course, she has completed a number of certificates in diving and boat operation. These certificates are compulsory for Molly's work on tourist boats, particularly when paying tourists must be supervised. Over a period of (approximately) 18 months, Molly has worked part time (or received the dole) in order to complete these certificates.

Open coxswain certificate comprises three hundred hours sea time and a range of safety tests to ensure you know what to do in event of an emergency.

You have a log book, which your skipper is required to sign to prove you have actually been at sea for that long. You also have to complete exams in radio operation and safety. The next level up (skipper's ticket) would enable me to skipper a boat—however this takes 912 hours sea time (which would take about 3 years).

There is also my occupational health and safety at sea certificate, my restricted radio operators certificate, engineering test, and certificate in maritime operations. All up, it has probably cost me around $500 to get all of the compulsory certificates and qualifications, but if you don't get them, you can't work. I have never heard of any skipper ever paying for staff to get these things. There is no question: you do it, and you pay for it yourself. If you don't have it, you don't even get on the boat since they take safety really seriously.

The unofficial traineeship—or 'slave-ing'

There is no traineeship in the industry, however Molly completed an 'unofficial traineeship'.

I am qualified (by international standards) as an assistant diving instructor. Everyone knows about these unofficial traineeships in the industry—and they are generally known as 'slave-ing'. It is a bit of a joke really, but when you think about it, it is not all that funny. You work for free on a boat, in return for training. You have to pay all expenses and equipment necessary to complete the training, with the exception of the instructor's time.

There are two main scuba-diving organisations in Cairns that you could complete your training with— [Names deleted]. The agency insures the dive instructor and masters, however they don't pay for any of your training. You pay for your own manuals and equipment. Some skippers are good, and it doesn't take you long to get the training since they are reasonably fair. Other skippers keep you working for free for ages—that is why it is known as slave-ing. The alternative is to do the traineeship directly with the scuba school, but that would cost thousands. So, everyone does their training with the company of their choice. You get trained by their instructor for part of the time, but you spend most of the time just working for them (for free). Everyone usually stays on the dole while they are doing it because you have to live. You lie to the dole office because they would throw you off because you are not actually looking for work.

I completed my traineeship with one company, but worked for another company. There is one company, called Unicorn—this is where I did my training. On Unicorn, the entire paid crew consists of only two people—the skipper and the instructor. The boat actually has a big staff—it's just that none of them are paid. There is no budget for staff and payroll, because they just don't come into it".

My actual employer, [Name deleted], (who I do paid work for) could have done my training but it just wasn't working out. Although the skipper agreed to it, I never actually got time for training, because I was always working, and work always took priority over training. Everyone is casual, and staff are constantly moving around. On Starfish, I know of only two people on the boat who were permanent

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ongoing employees—and they were in managerial roles—they did the hiring and firing and the operational stuff.

Future career plans

Molly does not know whether she wants to continue working in the tourist industry. She values her independence, and wants to continue working outdoors. However, she also commented that the insecurity of working in the industry, and the *ruthlessness of the bosses* depresses her. The day prior to the interview, Molly resigned from her casual job with Unicorn.

With my coxswain, I can skipper smaller boats (with 20 or so people). Ideally, I'd love to drive a glass-bottomed boat giving small groups of tourists trips out to the reef, or in the river, and deliver an ecology tour myself.

The other alternative is to work in underwater videography. I can do this with my current diving and boat qualifications. Most people who do this, have never even seen a camera before they started it. I would have to work for a separate company, and then be sub-contracted to a specific boat. Unfortunately, you work on commission only, which I am not too happy about. The only guy I know who ever tried to cut the videography company out of it and contract directly with a boat got totally shafted. The boats and the company (videography agency) are total bastards and worked together to make sure this guy could never get work anywhere again in Cairns. That guy now works picking up crown of thorns on the reef, because it's the only work he can get.

If you asked anyone in the industry they would be feeling the same way. We don't know if we will be sacked next week or not. That is OK with me, because I know that to work in this industry you have to live with it, otherwise you get out. Yesterday, I resigned from my job because I am frustrated with the management of my boat, and the way they are handling a lot of things. I may make the choice to stick with the industry because I have worked hard to get the certificates I need, or I may try to find another job elsewhere, I don't know.

Lisa: Child Care Group Leader

Name	Lisa
Age	20 years
Sex	F
Qualifications	Diploma of Child Care and Education (TAFE)
Resident of	Brisbane
Profile	Currently a group leader of a toddler room within a child care centre in the Western suburbs. Works as a 'permanent casual' under an AWA
Period of time in casual work	Five years

Biographical details and early workforce experience

Lisa completed Grade 12 at a public high school in the western suburbs of Brisbane, in 1996. The next year, she commenced a two-year diploma in child care on a full-time basis, through a Brisbane TAFE (receiving Austudy assistance to complete the course). Lisa worked at Coles on a part-time basis to provide extra income (a job she started in 1995 while in grade 11).

In 1999 Lisa resigned from her job at Coles because she was picking up relief work from local child care centres as relief staff. She wanted to focus her time on finding permanent work that related to her course. *I don't want to be a checkout chick. I did this course because I wanted to work in the area of child care.*

In August 1999, Lisa started work as a group leader for a child care centre in the outer suburbs of Brisbane. She supervises approximately thirteen children in the toddler room, and manages one assistant. The centre has 50–60 children in total (this includes the toddler room, junior kindy, kindy and pre-school rooms).

How did you start working as a casual?

Lisa began applying for advertised jobs as 'group leader' in January 1999. (It is possible for her to start working as a group leader, prior to her qualification being formally completed). She would get interviews for jobs, but was not successful.

In a lot of cases the other people applying were more experienced. In some cases, they even said I was over-qualified. There are a lot of people out there who have been working for years and do not have the formal group leader qualification…I was getting very depressed because I couldn't seem to find proper permanent work. One fortnight I submitted fifteen applications.

Lisa applied for relief centre work (advertised in the local newspaper) as a casual. From this application, she was contacted by two child care centres to work a few hours a week (on call). The work was not regular, and Lisa would often be called in the early morning to replace sick staff for that day. Lisa wanted a job with one of the centres: *I really liked the atmosphere. The kids were really nice, and the staff were really good—it was a great centre to work for.* Although Lisa received excellent references for her work there, she was not told about a permanent job as an assistant. *I would have loved that job. I asked them why they didn't tell me about it, and they said it was because I was over-qualified because I am actually qualified as a group leader. I think they were worried I would get a better job somewhere else and want to leave.*

In July 1999, Lisa applied for a position advertised as 'permanent casual' group leader, with a child care centre in the Western suburbs. The ad stated the position to be between 25–30 hours per week Monday to Friday.

After an interview, Lisa was offered the job. It was a condition of employment that she sign an Australian Workplace Agreement (AWA). Lisa stated that the AWA outlined weekly work of between 32 and 38 hours (this was different from the advertised hours), and that she would work shift work. There is no provision for sick leave, holiday leave or training contained in the agreement.

A usual working week

Lisa usually works 34–35 hours a week. The longest stretch is 10 hours with half an hour for lunch. The shifts are most commonly 8.5 hours, to be worked anywhere between 6am and 6pm.

Rosters are worked out on the weekend, and Lisa is usually advised on Sunday night of her roster for the following week.

Training

There is no formal provision for training in the conditions of employment. However, the director of the centre has advised staff that the centre expects them to attend training courses and workshops in their own time. The centre is prepared to organise rosters so that employees can attend training (take an unpaid day off); however, they have directly stated that training cannot occur during paid work time. The centre is not prepared to meet registration or attendance costs either.

After finishing the course (diploma at TAFE) you are supposed to attend workshops and seminars on new behaviour management and child behaviour—you know, to keep up to date with what is going on in child care.

Private organisations send letters and flyers to the director of our centre. She (the director) usually puts these up on the noticeboard. In staff meetings the director will tell us about the courses she thinks

we should go to, and the ones she would like us to go to. The centre wouldn't pay for any of it of course, we are expected to pay.

Safety training? The centre (in conjunction with another centre) is planning to run a weekend workshop on the safe handling of food. *We have already been told that we are expected to attend this course about safe practices on the weekend and perhaps the evening, and that we won't be paid for it – although we've been told it is compulsory for us to attend.*

Orientation or induction. *Nothing was really explained to me when I started. I got interviewed one week, and a started a couple of weeks after that. I turned up, met everyone, and then I got started. They pointed me in the direction of the toddler room and I started.*

Future career plans

Lisa expressed frustration at her current working environment. She felt that her formal training had not sufficiently prepared her for working in the field.

What they teach us at TAFE—a lot of the stuff is irrelevant. You never look back on it again. The behaviour management techniques are not really realistic. If you try to do that stuff in the field—you are either not allowed to do it, or it doesn't work. For example, we are not allowed to put children in 'time out' at my centre—it is illegal. ('Time out' means a child is required to stand away from the other children, alone, to reflect on his/her behaviour). *Now, I learnt about 'time out' in TAFE—but you are not allowed to practise it. In fact I put a child in time out, and I was given a formal warning about it. I had to sign a form saying I would not do it again.*

Lisa is also concerned about the security of her employment, and her future. The centre is managed by a director who handles the day-to-day administrative management of the centre. Decisions about working arrangements and funding for the centre are made by the owner who is quite distant from the actual operations of the centre. Lisa is concerned about this, and feels this situation contributes to her feeling of insecurity at the centre. Lisa feels the owner does not really understand that centres need resources for kids to be able to enjoy activities (painting, playdough etc). In order to keep the children entertained, Lisa has been buying resources (stationery and books) for the centre.

I would prefer a permanent job as I feel this is quite insecure. I've thought about doing a course at uni—like a bachelor of education in primary school teaching. In fact, if I had got my butt moving I would have enrolled at QTAC for next year, but I missed the deadline. I would do the course part time, so I could keep working. I just don't know if I like what I'm doing. All the staff at the centre seem to be having the same problem and feeling the same way. If the centre had more resources and I didn't have to buy so much stuff for the kids, perhaps I would feel better about it. If I want to do something with the kids I can't just go to the storeroom and get it. In the last 3 months I have put so much effort in, and no-one really notices…I get along with the director OK, and she is quite supportive, but then the director doesn't make decisions about us, the owner of the centre does.

What I really want is more control over my working life. It seems if we scratch our nose the wrong way we seem to get into trouble now. There is always someone breathing down your neck. I want to be able to enjoy my work and have some control over it.

Helena: Child Birth Educator and Midwife

Name	Helena
Age	32
Sex	F
Qualifications	Bachelor of Applied Science in Nursing (completed externally); Hospital-based certificate in midwifery; Certificate IV in Workplace Assessment (accredited TAFE teacher)
Resident of	Cairns
Period of time in contract/casual work	11 years as a contract worker in TAFE and hospital sector

Biographical details and early workforce experience

Helena was born in Katoomba in the Blue Mountains. She has two children (two years and seven weeks old). She currently lives in Cairns, with her partner.

Helena completed high school in 1985. Throughout the late 1980s, Helena completed a course in nursing at a Sydney university. She worked as a registered nurse at a hospital on the north side of Sydney for approximately 18 months, on achievement of her 'registered nurse' qualification.

In the early 1990s, Helena moved to Cairns and continued study. She completed a final year of university study (by correspondence) to convert her nursing diploma to degree status. Helena also achieved a formal qualification as a midwife between 1993–94.

By the mid-1990s, Helena was looking for ways to expand her work opportunities, particularly in the field of teaching. In 1995–96, Helena decided to complete a completed a Certificate Level IV in Workplace Assessment, which would enable her to teach at TAFE. Helena was pleased that most of this certificate could be achieved through RPL (recognition of prior learning).

Helena is also a qualified lactation consultant—an internationally recognised qualification requiring a minimum number of hours teaching breastfeeding and lactation, and significant workforce experience.

Working in the health industry

All of Helena's work experience has been in the health industry. She does not believe her status as a 'contract' or 'casual' worker has limited her ability to find regular and interesting work. Helena did qualify this statement however.

I live in a labour market where my skills are needed, so it could be different in a bigger city, I am not sure. Also, the health industry is different from a lot of other industries. It is strange in that the bond you develop with people is very strong and almost life-long. I guess because you are involved with life and death, and you see people at their rawest. All of my contract work has relied on my ability to stay in touch with people who will recommend me for a job, and then I find my feet once I get started. I always feel a little out of my depth when I start out.

Throughout the interview, Helena emphasised the importance of maintaining informal and formal contacts in the industry or *knowing the right people in the right places* in order to have ongoing work.

Since living in Cairns, Helena has had a range of jobs—two teaching jobs with TAFE, one with the hospital and the other with a private training provider:

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- When her first child (Simon) was six months old, Helena was offered work with a local TAFE teaching indigenous workers to become health workers in their own communities (through the Aboriginal and Torres Strait Islander education program). The job was on contract. The arrangement was very flexible and Helena could take Simon to classes with her, and do preparation for the classes at home. Although there was no job security, Helena liked the flexibility of the arrangement.
- Helena worked in the (new) nursing division of TAFE. This involved training enrolled nurses (not university educated) to obtain formal qualifications. The entire course was external and only required Helena's attendance at the TAFE for one video conference every fortnight. This was very compatible with Helena's home life, however the program was not well managed and Helena decided to leave.
- Simultaneously, Helena was contacted by a large regional hospital and asked to run the childbirth education course at short notice. The contract was for three months initially (but she worked there for more than 12 months ultimately just prior to the birth of her second child). This involved work for three evenings a week, and Saturday morning classes for pregnant women).
- Helena also worked as a curriculum designer for a consortium who owned a training program. The consortium needed to ensure that national competency standards were being fulfilled. Helena had to assess the course to ensure that it met with national standards. This was a three-month contract, and allowed Helena to work from home.

Training and Helena's experience as a casual/contract worker

Helena commented that her experience as a casual and contract worker had affected the way in which she accessed necessary training. For example, Helena had to provide for her own training.

The main barrier to training that I have experienced is the cost. An employer won't even look at you if you're a contractor. All of the training I have done so far, I have paid for myself. I have only had one course that the employer paid for—when I worked as childbirth educator. I wanted to participate in a workshop and I had to travel to Brisbane. The hospital were so desperate to keep me, that they made allowances for me to go—gave me arrangements for leave with pay and everything.

Future career plans

Helena emphasised that her top priority is caring for her children, and valued flexible working arrangements that permitted her to fit work commitments around caring responsibilities.

I would like to do a formal teaching qualification but I think I will do a masters of education now, rather than try and do a bachelor. James Cook University will give you RPL for teaching time at TAFE, so I am going to look into doing it that way.

I have been in a very fortunate position because my life has not had much plan to it, yet I have always found myself happy doing what I am doing. Part of this is living in an area like Cairns where the job prospects, for me, are good and I can fit work around my children.

Helena is continuing to study, while managing her work commitments and caring for two small children . She is currently completing a graduate diploma in child birth education.

Craig: Occupational Health & Safety Consultant

Name	Craig
Age	45
Sex	M
Qualifications	Associate Diploma in Occupational Health and Safety; Dogman, rigging, scaffolding & heavy vehicle certificates; Accredited OH&S management systems auditor (registered with Quality Society of Australasia)
Resident of	Sydney
Profile	Contractor
Period of time in contract/casual work	Entire working life (since 1972)

Biographical details and early workforce experience

Craig was born in a working class suburb in Melbourne and attended a catholic primary and secondary school (up to Year 9). Craig completed Years 10 to 12 of his schooling in the state system. *I didn't have much of a plan about what I wanted to do when I left school. We didn't have much, or really any career guidance at the school. I thought maybe I would got to uni, but I didn't really want to at that point for financial reasons.*

How did you start working in a casual arrangement?

On leaving school, Craig took a labouring job in the construction industry. *I sort of fell into the construction industry, doing casual work, labouring work mainly. This didn't require any training.*

Craig also applied for work in a local bank, in a general administrative position. *There wasn't much opportunity for advancement, so I started looking around for work again. Besides, that job was not really for me.*

Craig returned to the construction industry, as a casual, doing labouring work.

Training

In the late 1970s, and early 1980s, Craig wanted to improve his job opportunities in the construction industry. Over the next few years he completed four certificates:

- dogman's certificate which involves co-ordination and direction of cranes on major construction sites.
- scaffold certificate which involves co-ordination and direction of scaffold construction for major construction projects.
- rigger certificate which involves co-ordination of steel structures in use at major construction projects.
- heavy vehicle truck certificate which involves driving and operation of large trucks

Because all of my jobs were casual, I really had to initiate the training myself, the employer didn't provide any of it. Some of the certificates required workplace experience, but a lot of it I did in my own time, outside of work.

With these qualifications, Craig never experienced difficulties finding work and was regularly employed throughout this period.

It reflected a type of attitude or era in the labour market at that time. Employers were very keen on the concept of a broad base of skills. You wouldn't do just one job, they wanted you to have a lot of skills

and be able to be multi-skilled. The emphasis was on you, to get trained up, seek out the opportunities and see if you could cut the mustard, so to speak.

By the end of the 1980s, Craig began feeling the effects of the recession in the construction industry. *I had always wanted to do more study, and by the late 1980s I began finding it more difficult to get that regular casual work. I thought it was the perfect time to do some more study.*

Craig enrolled in an Associate Diploma in Occupational Health and Safety at RMIT on a full time basis, doing casual work on a part-time basis.

When I was on a construction job in 1986–87, I was a representative on an OH&S committee. This got me interested in the area, and I decided to get more formal training in the field. I also think that having a background as a dogman gives you a strong awareness of how important safety is on site.

The associate diploma took three years full time (from 1990 to 1993). Craig began applying for jobs in the OH&S field at the end of 1993. *There was nothing being advertised in Melbourne. I applied for a job in the* Sydney Morning Herald *for a position as rehabilitation co-ordinator in the building industry.* Craig did not get the job he applied for, however he was offered a job as a research assistant with the same agency. The position was for a fixed term (12 months) and was funded by NSW government. Craig was required to analyse the OH&S management systems of fifty companies.

This position was quite different from anything I had done before. It was a strong research job, and it gave me access to very privileged information. I got a great knowledge of OH&S issues in the construction industry.

At the end of 1995, Craig's contract was coming to an end. He was offered another contract with the same agency—again a research position. Craig would be required to research hazard identification in the building industry, doing risk assessments in 30 companies.

I went out and did the research and interviewed company directors. I developed a manual for hazard identification and risk assessment. I tested the manual for five months with ten employers…Looking back, I think it was pretty bad that they didn't provide any training in research, use of statistical packages or anything, I really had to learn as I went, and there was no possibility I would be able to get training. Although, now that I think about it, I don't think the permanent employees of the (agency) got much training either.

Craig's decision to become self-employed

After working with (the agency), and after having had exposure to management systems, I decided to go into business for myself, as a consultant.

Craig conducted induction training for a construction job at a major hospital in Sydney. Craig also developed and delivered an induction package for a federal government agency. *My ability to develop and deliver training programs stemmed directly from my associate diploma where, for the course, I had to develop a training program.* Craig is an accredited Category I trainer, which means he can deliver training, he received a statement of equivalence for this. Craig has yet to achieve his category II trainer classification (this means you can develop training programs). *I would like to be able to get my category II, but it is very expensive.*

After a short period of self employment (November 1996–August 1997) Craig began searching for job opportunities.

I was really busy, working seven days a week, and I wasn't making a fortune. I wanted a job, I needed a regular income, and I missed the social aspects of employment. I worked from home a lot, and I missed contact with people.

In late 1997, Craig applied for a job with a large NSW Government authority, as an occupational health and safety project manager. It was a limited-term job as a casual employee. At the time of interview, Craig was still employed with this authority, however his future was 'up in the air'.

This is now the third time that I have been extended. The authority has just advertised my job. I am not sure why they have done this, and it has knocked me around a bit. I am not sure that my boss really understands what is involved in this job and how complicated it is. I have to monitor eighteen or more policies and this is a massive task.

The authority in many respects, has been pretty good with training. In fact, better at giving the opportunity for training than at any other place I have worked. I have gone on a project management course—one day. Although, I suppose these things are pretty useless unless you follow them up. I also attended a policy development course through the IPPA (Institute of Public Affairs Australia). These courses were quite well put together, but not directly relevant to my area. It was more relevant to higher-level policy work, rather than the workplace-specific applied policy field I work in.

Future career plans

At the time of interview, Craig had just applied for a job with another NSW Government authority, in the field of policy development and advice. *I am getting to the stage now where I want a permanent job. My entire working life has been as a casual, and at this stage in my life I want a bit more security.*

Kristine: Fast Food Outlet employee

Name	Kristine
Age	22
Sex	F
Qualifications	None
Resident of	Brisbane
Period of time in casual work	5 years

Biographical details and early workforce experience

Kristine was born in Darwin. Kristine's mother is an assistant nurse, and her father works in a timber yard. Kristine's parents were born in Portugal, but were raised and lived in East Timor. Kristine describes herself, and her family, as East Timorese.

Kristine lives in Inala in Brisbane, and attended a public high school in the western suburbs of Brisbane. Kristine completed high school in 1993.

During high school, Kristine worked for a nursing home, cooking meals and doing general cleaning duties. Kristine realised that she would ultimately like to work with people, but felt unsure what training would provide opportunities for her to do this. When Kristine turned eighteen, she left the job at the nursing home. *It was a junior job so they couldn't keep me on. I really loved that job, because it was great to work with people.*

On leaving high school, Kristine had no career plans or goals. Kristine has been unemployed for several years. *We had a career officer, but it was really up to you if you wanted to see her. They certainly didn't come and find you. I didn't have any idea what I wanted to do when I left school, still don't.*

Kristine has worked for McDonald's restaurant, as a casual worker doing approximately three to four shifts per week for approximately eighteen months.

My friends made me get the job, they knew I was getting really depressed on the dole. They rang up for me, they lined up the interview. I went, and got the job. But I don't want to work for Mackers for the rest of my life, eh? It is good because I get a few shifts a week and I can make some money, but I don't want to be a manager there or anything.

Training

In 1994, Kristine enrolled in a business administration course at TAFE. She stated that she did not want to do the course, and had no interest in the area, but enrolled because of pressure from her parents.

I don't want to work in an office, and I am not interested in anything to do with business. My dad made me go to the course, eh? He didn't want me to be unemployed. Kristine dropped out of the course after six months.

The following year, Kristine then enrolled in a certificate IV in management. *I didn't want to do that course either. My parents just didn't want me to be unemployed.* Kristine dropped out after a few weeks.

Kristine received basic on-the-job training in customer service at Mcdonald's.

Future career plans

I don't know what to say about my 'career' or plans in the future. I've been to TAFE and I don't like the way it's run. I didn't like the classes, or the teachers, and I don't like the way they take no interest in you. I loved working at the nursing home, and I would like to have a job where I can help people. I just don't know how to get a job like that, when I have no skills. I would like to be a social worker, or something like that.

Workers employed by labour-hire companies and agencies

The following workers have all spent considerable periods of time employed by, or through, labour-hire firms or employment placement agencies. Three of the workers are from white-collar occupations and three are from blue-collar backgrounds. While their experiences are diverse, all report that labour-hire firms or agencies have generally shown very little interest in or commitment to training or skills development.

Jessica: Organisational Psychologist

Name	Jessica
Age	31
Sex	F
Qualifications	BA Hons
	Masters Organisational Psych (Macquarie)
Resident of	Sydney
Profile	Contractor working for labour-hire firm specialising in white collar professional placements
Period of time in contract/agency	18 months with one host employer; 9 years in total

Biographical details and early workforce experience

Jessica left high school at 15, to work for a small business (a service station).

I worked there for 9 years in total: full-time for 4 years when I dropped out of high school—managing the office, doing the banking, ordering etc, but I wanted better opportunities. At 21, I decided to go

back and do my HSC. Then while studying, which continued as an undergrad, I worked as a console operator at night.

My original plan was to do accounting, business but when I went back to do HSC, I found myself struggling with some of the maths. I found psychology. After my marriage fell apart, I decided to continue studying at uni. Jessica continued studying with an honours degree in psychology, and then a Masters in Organisational Psychology at a Sydney university (finished in February 1999).

All the way through it was not really a plan as such. First, I just wanted to finish HSC, then I decided I wanted to go to uni, then when I finished as an undergraduate I went on to do honours, then it seemed a good idea to do Masters and I was in a position to do it, so I did.

During the masters course, Jessica worked in short-term contracts for a number of companies in Sydney, doing training consultancy work, developing training for frontline management, doing training needs analysis, training staff in software application and OH & S skills. Jessica also worked as a research assistant for four years at a Sydney university.

During this period Jessica was working one full-time job, one part-time job, and studying full time. She worked from as early as 6am, and would not finish until very late in the evenings.

I would be working as a research assistant, going to classes and then doing contract work with placement firms for the masters. Doing approximately 70 hours work/week. The research assistant position was 35 hours a week. I negotiated with them so I could work flexible hours, for example 7am to 3pm, then I would go to classes or placements after that. Then I would do a day off, day on at the uni and make up the time outside of hours.

How did you start work as a contractor?

Jessica applied for a job in the newspaper, advertised by a labour-hire agency. The job required OH&S knowledge.

The [agency] primarily do accounting contracts. They didn't have the OH & S skills so were looking to recruit them in. I was recruited for my knowledge in that area—the technical and statistical skills they wanted.

When Jessica was interviewed by the agency, she did not know who the host employer would be.

[The agency] interviewed for the position at first—they would not tell me who the employer was. [The agency] then sent my resume and summary of the interview to the employer [which was a NSW authority, but I didn't know it]. Then I had a second interview with [the authority] with an [agency] representative present. It almost went to a third interview, but in the end I was hired after two interviews.

Since Jessica's initial placement, she has worked in four placements at the same authority in just over 18 months:

- Placement 1: establishing a database. *Getting it up and running, so it could then be maintained by a permanent employee* (approx 3 months' duration)
- Placement 2: fund allocation. *In the OH&S area of $5 million, I had to decide how the organisation should spend this money*(3 months' duration)
- Placement 3: policy and procedures on workers compensation. *To be honest I was not sure I would able to do what they were asking me to do. I knew I had the skills to find out what I had to do, but I had to develop the knowledge and the skills to actually do the job* (5–6 months)
- Placement 4: management planning. *I have to develop a plan of what the authority would have to do, in order for it to meet its statutory/national requirements. This is my current contract due to finish soon* (about 7 months)

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Working arrangements: relationships with agency and host employer

Jessica described the 'arms length' relationship she has with the labour-hire agency.

In each case, the agency has benefitted from my placements because they have not been involved at all in finding or negotiating the new contracts at all over the 18 months. I've arranged the new contracts directly with the authority and the labour-hire agency has continued to get twenty dollars /hour from my placements. That's twenty dollars an hour for doing basically nothing.

I have very little contact with [the agency], I think over the 18 months we have only had a handful of conversations. Most of these conversations have happened because I've rung about a problem with my pay. There is no real ongoing relationship. They're paid a lot for not doing very much at all. I fax off my time sheets, for the work I have done at the authority for the previous fortnight. The agency then sends the sheets to the authority (adding $20 on top which is their fee) and then authority reimburses the agency. The agency pays me, the authority pays the agency.

She argued that her position as a contractor had an 'ambiguous' status. Other staff tend to treat her as 'the contractor', while management expect you to be available for ongoing work at minimum notice.

Even though they know I am a contractor and that my contract expires on a certain date. I know each time it has come down to days before, and yet no one has said anything about whether there will be any more work for me. Two weeks before the end of my last contract there I approached my boss and said I've finished this and this, and after I'm gone there are two more steering committee meetings, so who will do that? My boss looked shocked to find out I was going – there were comments about me 'letting them down' by not meeting these commitments and that 'I was leaving them in the lurch'.

It was always an ongoing joke with the authority staff that I would still be there in 10 years time – like 'you're a contractor, you're set for life'. Contractors have a history of staying with the authority for a long time. One contractor has been there for seven years. Yet, at the same time, you are not treated as an employee at all. I never got invited to the work lunches or staff parties, and I wasn't even invited to the staff Christmas party. There was no orientation. I never got shown the toilet, tea room, anything. I had to find it all myself. When I started at a large office complex I was never even shown the fire escape, actually I've been there for 6 months now and I still don't know where the fire escape is.

Training

The 'ambiguous' status of Jessica's position as contractor, also caused confusion in the area of training. Jessica was never certain whether she had access to any training, and who she should approach in the event of needing training.

While at the [authority] and through [the agency] I have only been on one training course—CPSC guidelines and that was because I had to go in order to meet government statutory requirements for OH&S. This is for the last contract I have done with them. The course cost $2500 to do, and I had heard by word of mouth from a few people that I would probably have to go. My first reaction was 's...t! Am I going to have to pay for this?'

Jessica stated that she never experienced any difficulty finding ongoing work with the authority, however, with each contract she felt uncertain of her competence to perform the tasks required.

Other than for my first contract, I've never had any discussions with managers about my skills, a job description has never been discussed, we have never really had a discussion of expectations. With the policy work I had to do, I seriously doubted whether or not I could do it. I've received very little supervision during my time at the authority. Part of this is to do with personal management style of the people I deal with, a big part of it though is to do with the corporate philosophy. That is, I have to deal with this issue, it is a statutory responsibility. I can tick the box to say I've dealt with it because I have hired a contractor to do it. The authority uses a lot of contractors.

In order to feel competent in the new areas of contract work, Jessica 'self-trained'.

For the most recent contract, I had to do a lot of research or 'self-training' to get myself up to a level of competence. None of that training was formal. I have learnt on the job, as I went—things like how to interpret legislation and regulation and just feeling more competent with the skills I have by using them in different areas…No real assessment of how I was doing, or of the quality of the work. I guess the final outcome was the real assessment of whether I was doing what I had been hired for.

Jessica's work preferences

I like the flexibility with the contract arrangements…I like diversity in work, feeling competent in what I do, knowing I have the education and qualifications is very important, constantly learning, getting positions/opportunities to grow and that provide growth and knowledge is also important. Working in contracts has helped me do those things.

While at Macquarie I wrote a paper with another person on the protean career—about changing jobs and people having to pay for their own training more and more, and the effect it has for career. I have taken that idea to heart. I take the view if I don't do it myself, an employer is not going to do it for me. In my experience permanent work was not offering the opportunities to learn and grow other than learning how to deal with rude customers.

I like the arrangement because I work better without a comfort zone. I need a point to work towards and contract work offers that. I tend to get stuck in positions, I worked in the same place for 9 years. Working through the agency made me respond and make decisions and changes because I had to. When the next contract finished, I had to be thinking or planning for what was beyond that.

Future career plans

Finishing master was my last one and I haven't worked out my next one. It has taken me 9 years to finish my HSC, finish uni, to finish hons, finish masters. In each case, I have used the next thing as my motivation.

I have liked the contract work. Most of the people from my course have got permanent positions and have only been in these for 6 months or so and already they feel despondent.

Despite Jessica's preference for flexibility, and for contract work, she stated she did not want to do any more work with the labour-hire agency. At the time of interview, Jessica had just accepted an offer for permanent work as a researcher with a Sydney university. She intended working part time as a contractor, outside of work hours, until her current contract expires.

Deloris: Office Manager

Name	Deloris
Age	37 years
Sex	F
Qualifications	Business management certificate (UK)
Resident of	Sydney
Period of time in contract work	19 years (irregularly, with periods in and out of the labour force, and short periods of permanent work)

Biographical details and early workforce experience

Deloris was born in London in 1961. Deloris completed her primary school and high school education in London and in Cambridge.

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On completing high school, Deloris had a dream of working in the theatre, but realised how difficult it is to find ongoing reliable work in this sector. She completed two courses, one in business management (one year) and the other in stage management (two years). *My dream was to work in the theatre, but it is difficult to get work in that area. I did business management so I would be able to find work regularly and get an income to live.*

Deloris joined a labour-hire agency specialising in the supply of temporary office staff. By the mid-1980s, Deloris was bored with office work, and wanted to travel.

After a period of travel, and intermittent periods of temporary (agency) work, Deloris came to Australia in 1989. She planned a 'working holiday', and applied for a temporary work visa. Deloris registered with a labour-hire agency, and found work with a State Government department. After two-and-a-half years, the job became permanent, however in 1992, Deloris had to return to the UK to comply with the conditions of her work visa.

On returning to the UK, Deloris registered with a temp agency that supplied labour to British Telecom.

They wouldn't take on permanent staff, because of the down-sizing and the recession. I worked there for years, and I took three pay cuts just to keep the job. I would have taken permanency if it had been offered, but there was no chance of that. It was a really unhappy time to be in England, I just wanted to come back to Australia.

During this time, Deloris decided to emigrate from the UK. She applied for, and received, Australian citizenship.

Labour-hire experience

In 1995, Deloris returned to Australia, and again registered with a labour-hire agency as an office worker. *Because I wasn't Australian, I needed to find work through an agency. I couldn't just apply from job ads, they wouldn't hire me because I was from overseas.*

The labour-hire agency operated in the standard commercial manner. The host employer paid a fee, in addition to Deloris' wages, to the temp agency. Deloris would then be paid directly by the agency.

From 1995, Deloris worked for two telecommunications firms, and an employer in the entertainment industry (this commenced in 1996). The position in the entertainment industry became a permanent job.

For a long time, it didn't matter to me whether I had a permanent job or not. I liked the change of doing different and new things. Things changed though, because I wanted to buy a house. I needed the security of permanency in order to be eligible for a loan.

In 1997, the entertainment firm began down-sizing and made 2000 employees redundant, including Deloris. Being made redundant prompted Deloris to consider her employment options, particularly security in her employment.

Up to that point, I had always had jobs that were very stressful, particularly the jobs in the telecommunications companies—they were very cut-throat, very corporate. I had heard that the university was a good place to work, a bit less stressful, but it was a very 'closed-shop'. I decided to register with a temp agency that supplied only to the universities.

Throughout 1997–98, Deloris worked in a range of university positions, in accounts, in academic departments, doing general office management.

This was very itty bitty work. I would do a day here and a day there, there was no certainty to the jobs and no longer contracts. It was not satisfying work, I was very unhappy with the agency, they were not very fair, and were very inefficient. They didn't even test my skills when I signed up, they took me completely on my word. But, I really wanted to find a permanent job, and I was confident something would happen.

Training

Deloris could not recall any training programs, or courses she had attended (either in-house or external) over her working life. She had not received any orientation or induction for any of her placements over the years either.

I have received no training along the way, other than on-the-job training. I have been lucky because I have always been enthusiastic enough to learn the skills I needed myself. Like desktop publishing has always been an interest of mine, so I have taken the opportunities where I can to learn it from the available software programs. In office work, I believe there is an expectation that you learn as you go.

Deloris has studied a number of courses (for example in law and in management) over the years, all self-funded and not having any direct relationship to her paid work. *I don't think I have needed any training for any of the jobs I have had. I have enough initiative, and in the type of work we do, it is expected that you will teach yourself.*

Future career plans

At the time of interview, Deloris had been offered a permanent office management position in the university sector. The host employer had paid a placement fee to the labour-hire agency, so that Deloris could be appointed as a permanent employee.

All those years, I didn't mind being in temporary positions. I always said that I liked the flexibility and the freedom. Now I think it may have had a lot to do with the fact that I didn't like the jobs anyway, so therefore I was always happy to get out…It has been a long time since I have enjoyed a job this much, so I want it to be permanent. As I am getting older, I want to have some permanency. I am buying a house and I am having my first child, so my priorities have changed.

John: Primary School Teacher

Name	John
Age	25
Sex	M
Qualifications	Bachelor of Education (Primary School Teaching)
Resident of	Brisbane
Period of time in contract work	7 years

Biographical details and early workforce experience

John was born in Sydney, and moved to Brisbane with his parents when he was five years old. He completed the final years of his primary and high schooling at a private Catholic school.

Throughout high school, John worked in a wide range of casual jobs—catering, farm work, ice-cream parlour. John described these as 'fill-in' jobs, that he worked during the school holidays or outside school hours.

On completing his high school education, John attended the Australian Catholic University, studying a three-year degree to be a primary school teacher.

During the time of John's study, the bachelor of education converted from a three-year to a four-year degree. John decided to study the extra (fourth) year of university part-time at night, while working.

John took up a teaching position at a catholic primary school on the south side of Brisbane, he soon found that the experience was not what he expected.

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I loved working with the kids. I loved the contact with people. I just didn't realise how much administrative work went with the job—and I found I could not stand it. I didn't want to be filling in all these forms, developing curriculums, marking, assessment. It is not for me.

John resigned from his position with the primary school, and looked for casual work. He worked as a builders labourer, market researcher, and did some supply teaching (filling in for absent teachers who are on leave/away). John decided to use the money he had saved from working in these positions to go overseas.

In April 1999, John returned from overseas. Again, John searched for opportunities for casual work.

I worked in sales, selling door to door, I applied for another job in the Carnarvon ranges, I got short contracts of teaching work. I hated the sales job.

John began to reflect on the skills/experience he had acquired, and whether he would be able to work in a job he would enjoy and find fulfilling.

All my life I have wanted to be a carpenter. When I left school, I never even considered it as a possibility. If I had thought of it, I am sure my parents would have been supportive. But, coming from a white collar family as I do, it didn't even enter my head as a possibility. When I came back from overseas, I investigated whether I would be able to become an apprentice at 25. I realised you are competing with 16-year olds, and I did the sums, and found that I could not possibly live on the amount that I would be paid as an apprentice, even if I lived at home with my parents. This has been a realisation for me. I will not be able to fulfil a dream…I am now in a position where I have an extremely specialised degree. I have also realised that for people like me, who have a highly specialised degree, there is not a lot else I can do.

Experience in a labour pool

John decided to register with a labour pool of teachers (from this point on, it will be referred to as the 'pool'. The 'pool' operates on a non-profit basis, and supplies to approximately 150 private schools in the Brisbane area. The 'pool' manages placements of supply teachers to fill in while teachers are sick, on leave, or if extra teaching staff are required for special events (for example, school camps, school carnivals). The 'pool' directly employs staff, and places employees with host employers (individual schools), so therefore operates in a similar way to a labour pool managed by a labour-hire agency.

John believed there are advantages and disadvantages with the labour pool, as it currently operates. For example, some teachers have been with the 'pool' for years, and are effectively employed like permanent staff (but with the pay and conditions of casual workers).

I like the system because it is spontaneous and flexible. You can apply for any jobs in the system, or you can put your name down for relief work, or you can work on fixed-term contracts. In one morning for example, I might get three or four phone calls from different schools. There is great choice in the assignments. If they like you they will use you regularly, and you will get repeat work. The down-side is that, if you don't like you, you just don't get the work, and you don't ever get any feedback as to why.

Training

John has worked in a wide range of casual positions, but has not received any formal training. He has received some limited on-the-job training.

John is attempting to teach himself carpentry skills, and is self-employed doing small carpentry jobs in the local area.

John believes his registration with the teaching pool provides limited opportunities for training. Initial registration with the 'pool' requires formal education/teaching qualifications. However, John stated there is also an expectation that further 'refresher' training is required; for example, in refresher literacy courses.

Throughout the year, teachers will go out to get training. But it is not offered to us, that is certainly a disadvantage. The big question is: who would pay for us to attend? The 'pool' can't afford it. How long will you be in the system? They don't know, so it is a bad investment for them.

Future career plans

In 2000, John has been accepted for a year-long contract doing relief work for one primary school in Brisbane. John believes this is a good arrangement because it provides him with some certain employment, and he will be able to find placements around that day.

John is also exploring ways to realise his dream of being a full-time carpenter, while using his teaching skills. *I am trying to sort myself out, and look for ways to maybe teach shop A in high schools. That way I won't be wasting the teaching degree, but will be doing carpentry at the same time.*

Robert: Labourer

Name	Robert
Age	25
Sex	M
Qualifications	Formwork Carpentry Trade Certificate
Resident of	Sydney
Period of time in contract work	Approx 5 years

Biographical details and early workforce experience

Robert started his pre-apprenticeship training to become a carpenter in 1989. The pre-apprenticeship training was done full-time at a training centre. Upon completion he gained an apprenticeship with a construction company. When that company folded Robert went to another training centre to complete his apprenticeship.

That was pretty dull. If you didn't have a project to work on then there wasn't much to do for a lot of the time. All the training centre had to work on were occasional housing commission houses. I didn't get to do any formwork at all. Most formwork includes a combination of slabs, columns and stairs, but I never got to do any stairs so that's been a bit of a problem in getting jobs.

After finishing at the training centre Robert got a full-time permanent labouring job with a major construction company doing shovel work and driving rollers. While there he did some carpentry work but was only ever paid as a labourer. When he asked he if there was any more permanent carpentry work available he was told there wasn't. Robert left after about twelve months.

He then went to work as a labourer for a friend who was starting out a concrete business. He said the pay was okay when there was work but, because this friend relied on just one source of work sometimes there was only work available for 3–4 days a week. He didn't undertake any formal training during the one-and-half years he worked there. Robert decided there wasn't much future in concreting unless you owned your own pump and explained that he wanted to work as a carpenter.

In 1995 he started his first work with a labour-hire company. He responded to a labour-hire company advertisement seeking carpenters. When he became available he only had to wait for few days before he got his first job. Sometimes he worked as a carpenter, sometimes as a labourer or a trades assistant, doing 'just about everything' on jobs lasting up to six months. He was always employed as a casual, ringing in every day when he wasn't on a job. He was never offered a permanent job with the labour-hire company but says he would have taken it if it had been offered. He stayed with that labour-hire firm for almost two years. While he was paid the correct rates he suggested that you always had to work pretty hard to make sure you

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got everything out of them. He said they were *often a bit slow to pay wage increases…but you got paid eventually.*

In late 1997 Robert started with the labour-hire firm that he still worked with at time of interview. He started out as a second class sheet metal worker; Robert had no formal training or experience as a sheet metal worker. He has had a very steady stream of work with the labour-hire company; one contract lasting for four or five months. After about six months he became a permanent which effectively meant that he qualified for annual leave, sick leave, public holiday pay and 'stand-by' pay when there was no assignment work on offer. Robert estimated that since becoming a permanent he has only ever been on stand-by for a total of three days.

Robert reported that he had been getting a fair amount of carpentry work with the labour-hire company, but often he is sold as a labourer and is asked to do a lot of carpentry work while on the job. If he is contracted-out as a carpenter then he is paid as a carpenter, but normally he is contracted-out as a labourer.

The labour-hire experience and the impact on training

Robert said there was at least the prospect of some further training with the labour-hire firm he was currently employed with. The previous labour-hire employer *offered no training at all…if they didn't have to pay for something then they wouldn't.* At least his current employer was talking about making some training available. The idea being discussed was that employees who had worked at least 200 hours would qualify for some training. However, Robert felt there weren't many courses he'd be able or prepared to do. He noted that you had to take any training opportunities that arose on site. Recently, he said , he had done a traffic control course while on site. He had also had the opportunity to do some forklift driving while on site and explained that he had been filling out a log book to demonstrate his experience. He said that when he had the time he would contact Workcover and get them to come out on site to assess him to see if he'd qualify for a forklift ticket. Robert also expressed an interest in doing first-aid course again. He'd previously done a first-aid course with St John's Ambulance but that he now needed to do a refresher course.

Robert had thought about the possibility of getting a first-class sheetmetal worker trade qualification but explained that it involved a fair bit of classroom work after hours. Ultimately he was more interested in working as a carpenter and, at least on big building sites there was always the opportunity to do some carpentry.

Future career plans

Robert thought that he would probably stay with his current labour-hire employer for the time being.

The pay's all right…[This employer] is better than [the last labour-hire employer]…I mean he is good with the safety gear, he brings stuff out on site for you. I've got more clothes from him than I ever got out of the other lot. According to Robert his previous labour-hire employer was also prepared to send you out to a job even if you didn't have the skills to do the work. *Sometimes they were a bit pushy. They sent me to do a cabinet making job once and I don't have the training or experience to do cabinet-making.* Ultimately Robert explained he left the last labour-hire employer because, even though their enterprise bargaining agreement said they would place casuals as permanents after a specified period, they had demonstrated very little desire to ever put him on as a permanent. At least his current employer was prepared to put people on permanent.

Robert said he was prepared to stay with labour hire for the time being. *The secret with labour hire is that you've got to have a good boss at the labour-hire company.*

Jim: Sheet Metal Worker	
Name	Jim
Age	27
Sex	M
Qualifications	First Class Sheet Metal Worker; Welding Certificate; Forklift Certificate
Resident of	Sydney
Period of time in contract work	Approx 8 years

Biographical details and early workforce experience

Jim considers himself to be a sheet metal worker by trade. His first job was as a foreman for a welding company in charge of 12 workers erecting sheet metal constructions on a wide variety of building sites. After that company went broke and ceased operations Jim was 'farmed out to labour hire'. Since then Jim has worked exclusively for a wide variety of labour-hire firms.

The labour-hire experience

Jim's first labour hire job was with a welding company based in southern Sydney. The company specialised in providing clients with a team of a boilermaker, a welder and a grinder with equipment on site for a flat fee of $60 an hour. After returning to a worksite on a Monday morning Jim discovered that all the equipment had been stolen from the site and informed the police. He was instructed by the labour-hire employer to 'go home'. After not hearing anything for a couple of days he contacted the employer to be informed that he was sacked on suspicion of having been involved in the theft. Jim strenuously denied this but accepted he could do little about the dismissal, or the likelihood that the labour-hire employer would no longer offer him work. When he went to get the back pay owing to him he was told that the full cost of all the stolen equipment had been deducted. Jim eventually persuaded the labour-hire operator to pay him out in full.

The next line of contract work sought by Jim was through a community-based labour-hire organisation that placed workers in a wide variety of industries and occupations. Jim got himself registered with them as a sheet metal worker/ welder. The first job he was offered was as a kitchen hand. After doing one shift he was informed by the labour-hire organisation that the employer wanted to offer him a permanent position as a kitchen hand. When he explained to the labour-hire organisation that he wanted to work as a tradesman, not a kitchen hand, he was met with disbelief.

They said to me 'mate, they're offering you a permanent job'. I said I wasn't interested and then after that they didn't want to offer me anything else, no welding work, nothing.

Jim felt compelled to move to Newcastle in search of better trades opportunities. He started out looking for permanent work but was pretty quickly forced to resort to labour hire. He was listed with a personnel agency in Newcastle and was offered work in a metal shop in Terrigal. Jim didn't have a car (making travelling to Terrigal difficult) and the conditions at the metal shop were 'pretty crook'. Jim soon left finding labour hire work through another firm on site with BHP. When that job ended he was offered a welding job back in Sydney through a large labour-hire company. He was then offered a 'permanent job' as a contractor with the labour hire but was told that he was have to supply all of his own welding equipment (welder, oxy, grinder, etc.) in order to be paid a flat fee of $30 per hour. Jim explained that he was unable to afford to buy all his own equipment and argued that it wasn't worth it anyway.

In February 1999 Jim started work with his current employer, a labour-hire firm specialising in placing 'labourers with sheet metal skills'. The company employs between fifty and one hundred workers on any given day and employs about 35 workers on a 'permanent' basis. Since starting with them Jim has worked with about six different construction companies, doing construction work on jobs for periods ranging from about one week to three months. He described the work supply through this firm as being 'pretty continuous'. Under the enterprise bargaining agreement that the labour-hire firm has with the relevant union, the labour-hire employer is required to offer permanent employment to any worker who has worked for them for at least 152 hours. The permanent employment status effectively means that the employee must be paid a stand-by rate for any period of time that work is not available up to a standard full-time week. Under the permanent employment conditions:

- Workers are employed predominately as 'sheetmetal workers' but may be asked to work at a lower classification such as labourer, trades assistant or second class sheetmetal worker.
- In order to qualify for the stand-by rate on days when no work is available the worker must telephone the labour-hire office three times a day (7am, 11am and 3pm) to check in for immediate start or work that is available for the following day.
- Annual leave, sick leave and public holidays are provided for.
- While on 'stand-by' if any worker refuses an offer of work then they will no longer qualify for the stand-by rate.
- The employer is required to give one week's notice if they wish to terminate an employee's permanent employment status.

Despite the severely attenuated conditions of 'permanent' employment, Jim rated the company as one of the best labour-hire companies to work for. In his view, the employer 'generally did the right thing' although they tried to 'be a bit sneaky about things from time to time'. For example on one recent occasion the employer wrote to all casual employees informing them that the customary 20 per cent loading on overtime for casuals would no longer be paid. Some of the firm's casual employees contacted the union and the union then reminded the employer that they had an active enterprise bargain with the union. Under that agreement an overtime loading was payable for casuals. The employer reversed his original decision within a week.

Training

Jim gained all his qualifications progressively over time through recognition of prior learning (RPL) arrangements, although he indicated that the labour-hire companies had been no assistance with gaining any qualifications or training. *I've had to organise it all myself…I'm currently trying to do a first-aid course. There used to be some training around in labour hire but nothing since the end of the Training Guarantee Levy.*

At the time of interview Jim, some other permanents at the company and the union were trying to encourage the labour-hire firm to address the issue of training. Under the enterprise bargaining agreement the employer is required to form and consult a joint consultative committee (JCC). Jim and some others were trying to use the JCC to start discussions about a training fund. The employer had talked about the possibility of setting up a training fund for the company under which the employer and employees would be levied on a 50-50 basis and workers could make claims for training based on total number of hours worked. While Jim thought this was a promising development he had to admit that 'nothing had happened so far'.

The only training that was currently supported in any way by the labour-hire firm was the induction training that was required when you first went on site. That training was generally *very brief…maybe up to an hour, maximum.* By and large labour-hire firms were simply *not into training…Labour hires are into selling people, not training.*

The lack of training commitment was not simply an issue for longer-terms skills development; it was a practical day-to-day issue. The impression given was that the vast

majority of labour-hire firms simply didn't care about the skills, or the skills adequacy of their workers. Generally available workers would be sent to a job regardless of the skills they had and the skills required. If there was a problem with the client then the employer would call back the first batch of workers and send out some new people. Jim noted that a common saying amongst labour-hire employees was: *when in doubt, send anyone out!*. This practice was not only inefficient and potentially very dangerous it was also often very embarrassing for workers.

They send some kid out who can't possibly do the job and when he stuffs it up then he cops it from the client as well as from the labour-hire management…It's just not fair…as a result I've often had to do an awful lot of training on the job, just to show these kids how to do something basic…The labour-hire firms don't care as long as the contract gets paid…They give you no direction, no assistance, no training…it's only what you can pick up on the job.

Jim gave a number of examples of jobs where he had been left on a site without any materials to do the job, without a supervisor and without a first aid kit. On other occasions he said he had been asked to bring his own tools but then the labour-hire employer refused to pay a tool allowance. Invariably, he said, the labour-hire boss would always try to blame the client, claiming that *the client won't pay it*. Often Jim said he had to threaten to call the client in order to get the right allowance paid.

Future career plans

Jim said that, all things considered, he was reasonably happy at the current labour-hire company. He said he was paid fairly, got most of the allowances he was owed and was normally sent to jobs where he could work as a sheet metal worker. He admitted that training was a major problem but that just getting paid properly was the main issue in labour-hire jobs. He felt that his current labour-hire employer was pretty fair and that he had indicated that he was prepared to talk about training in the future. Nevertheless it was apparent to Jim that having an enterprise agreement with the firm and strong union membership in the company was critical in forcing the employer to agree to fair conditions and more training opportunities in the future. As for labour-hire employment generally he noted that *as long as they play fair labour-hire companies are okay*. He noted that one of the problems with the industry was that it *was full of backpackers…kids who are prepared to work for anything just to get some cash*. As a result some casuals didn't want to go permanent even when they were entitled to be offered permanent positions. For Jim this meant that there would always be a steady supply of workers who would be prepared to be exploited.

Col: Maintenance Fitter

Name	Col
Age	40
Sex	M
Qualifications	Certificate AQF Level III in Metal Engineering (Fitter).
Resident of	Sydney
Period of time in labour hire	Approx 12 months

Biographical details and early workforce experience

After leaving school Col started out as a labourer in factories in the Casula area. Col secured work in the maintenance department of a large food processing factory in the area. With the assistance of the union Col undertook an adult apprenticeship in fitting and machining at the factory. He then explained that he wanted to further his education by getting qualifications in hydraulics and pneumatics as well as a restricted electrical licence. This was also facilitated

by the union under the award restructuring process negotiated under the Metal Trades Industry Award.

After 18 years working at the factory Col was made redundant in 1997. The whole of the maintenance department of the factory, the electrical shop and the engine room were all shut down and the functions previously performed by the maintenance fitters and trade assistants were effectively outsourced to a large labour-hire firm to perform the maintenance on a contract basis. After a period of time out of work on redundancy pay, Col worked for the union as an acting organiser for twelve months (throughout 1998) and then went looking for work back in the industry. He found that *every job you rang up for in the paper was with labour hire and every job at the CES was linked to these employment centres…which gave you the run around.* For example, the first job he was offered through the employment centre fell through when the employer reconsidered whether he wanted him for the job. Then he was offered a job as a labourer by the same employer. He explained that he was a qualified and experienced tradesman but the employer said that that was all that was on offer.

The labour-hire experience and training

Col then registered himself with a labour-hire company. He was sent to a mechanical equipment company that fitted hydraulic cranes to the back of trucks, doing fitting and hydraulic work. He said he received absolutely no training relating to the equipment, the operation or installation of the cranes, how they had to be mounted, etc. When he enquired about some of the technical detail he said that the attitude from the company was.

'Don't ask any questions, that's all we want you to do'…The safety in the workshop was gone. There was no safety at all. With labour-hire companies, I found that if you complain about safety, they ring up the labour company and say 'I don't want him any more, move him on'…So no safety issues ever get fixed.

Col explained that after he complained about the safety situation at the crane workshop it was made clear to him by the manager that he was no longer welcome there. A few days later the labour-hire company offered him a week's work working on the nightshift at a large food storage warehouse. Here, according to Col, the safety was quite good, but there was no training. *They just took you down and showed you these big robotic cranes and said 'We want you to service these'.* When asked how much induction training Col had received when he first went to this site he explained that he had never received any induction training at any worksite he'd been sent to by labour hire. Toward the end of his first week at the warehouse Col was offered a permanent job, and the employer offered him an AWA which he rejected on principle. He was told that he wouldn't be getting the job on any other terms.

After leaving the warehouse, Col was also registered with another labour-hire company. Through that labour-hire company he was offered work at a metal manufacturing and assembly plant. Col reiterated that in his experience with labour-hire companies there was never any induction training or development provided by the company before starting on a job. *After filling out the paperwork providing your personal details you meet them at the site and they produce a form that is for induction and they just 'tick it all off' and then they ask you to sign it.* The requirements on the list for this particular job included that the employee had read the OH&S regulations pertaining to the operation of the site and read the evacuation procedures for the site. Col said that he refused to sign the document because he had not been given the opportunity to read those procedures and that he had not been inducted. The labour-hire representative then said words to the effect that *It's okay, everyone signs these.* Col still refused but was allowed to work in the workshop doing machining, although he wasn't allowed to do any maintenance work on the site.

Col explained that in his experience there was never any training in the operation of specific pieces of machinery—you just had to work it out for yourself or seek the assistance of a supervisor. He argued that the situation was very different for permanents… *you're like an outcast if you're a contractor…no training is put in place for any contractor.* He noted that

contractors at the place were generally ostracised. For example, he regularly found himself forced to have lunch by himself.

He also explained that from his experience supervisors tended to treat permanent employees very differently from labour-hire contractors. For example, if you tried to borrow a tool from a supervisor, it was okay if you were one of the permanents, but if you were a contractor then *it was like getting blood out of a stone.* In the end he had to bring all his own tools along with him every day.

Col also explained that it was always an assumption of labour hire that if you were put on a job then you would be able to do it. When he worked at a large electrical equipment manufacturer recently he was asked to remove and service a series of huge electric motors and it was *up to you to engineer your own way to get them out.* Two of the motors were mounted upside down and he explained to his supervisor that he'd need assistance with those. The supervisor told him that he'd *just have to work out a way to get them out.*

Even though he was always looking for a permanent job, Col explained that he had worked for labour hire principally because there was no realistic alternative. *All the jobs in the paper are labour-hire companies, and CES/ Centrelink was… totally hopeless.* This meant that you had little choice but to sign up with labour-hire companies and hope that you got offered permanency on reasonable conditions once the job started. Despite his trade qualifications and his considerable experience, it was clear that it had proven difficult for Col to get a permanent job—sometimes the employer didn't like the fact that he lived so far away; on other occasions they suggested he was too old or over-qualified for the position. It left him with no alternative other than to resort to labour hire. *They're like cancer they are. They're really eroding the security of people's employment.*

Often Col has found that the labour-hire company will only offer him a couple of hours work when it may well take him up to an hour to get to the site. Or, on other occasions, if there has been some delay in supply or maintenance at a factory then he is liable to be sent home. *However if you say you don't want it [a short job of just a few hours duration] then the labour hire will say 'Well, you're knocking back work…maybe we shouldn't bother with you'.* On occasion Col said that he'd gone to a job on the basis that it was day's work only to find out from the client half way through the day that he was to be sent home because there was no more work.

Col noted that it was very common for labour-hire companies to send the wrong sort of person to a job. He said he was once sent to an engineering workshop where a lot of welding had to be done. When he explained to the client that he wasn't a welder and asked him what he wanted him to do he said *Well I need you to do all this welding.* According to Col the client couldn't believe that they'd sent someone without any welding skills or experience to a welding job. It was also apparently common for labour-hire companies to send labourers to perform trades work. This skills mismatching put workers under enormous pressure on the job. In Col's words, you've got to *hit the ground running…If I stuff up, what's gonna happen, what's my position?… then your name becomes mud…and where do you ever get a job…*

When asked what labour-hire workers did when confronted with new or unfamiliar technology at a job, Col said that you'd normally be given a book and that you were expected to figure it out for yourself. If you couldn't then the client would normally just send you back to the labour-hire company. Similarly, if you asked to be trained before undertaking a particular task then the client would say *'fine, we'll find somebody else who can do it' and try to send you back to the labour-hire firm.* According to Col, though, if workers knew their rights they could insist on training from a supervisor or a leading hand on the basis of OH&S legislation.

Typically, Col reported that under labour hire he would normally try to negotiate his own rate. He would be informed by the labour-hire company of the flat rate, but then when he got on site he would contact the delegate and ask about the enterprise bargain and then insist on the shop rate plus 20 per cent, or, at the least, the shop rate.

Col noted that the growth of labour hire had been having a noticeable effect on the labour market. In his original employment, where he worked for 18 years, all employees who had worked there for three months had to be employed as permanents. The only employment he had ever been offered under labour hire, however, was on a casual basis. While casuals might be entitled to as much training as permanents Col argued that from his experience casuals were normally afraid to ask for training because of their fear of not getting any more work.

Col believed that the only way of improving the training situation was to compel labour-hire employers to take on the people registered with them as permanent employees and then they might *take responsibility for their training.*

According to Col: *the three most important problems in labour hire are casualisation, safety and training. And its also important that people know their rights, and know what award they're meant to be working under.*